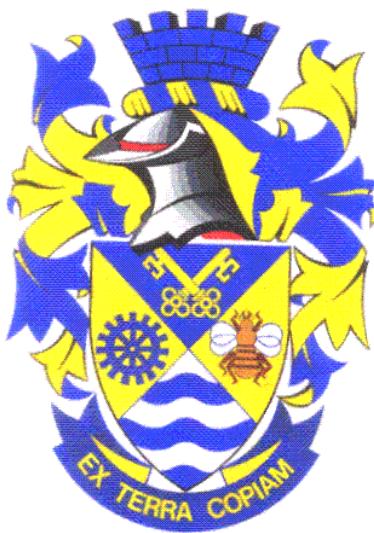


**AN ANNUAL BUDGET AND
SUPPORTING DOCUMENTATION OF
UPHONGOLO MUNICIPALITY**

**DRAFT ANNUAL BUDGET OF
UPHONGOLO
MUNICIPALITY**



**2013/14 TO 2015/16
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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Abbreviations and Acronyms

SGISA	Accelerated and Shared Growth Initiative	MM	Municipal Manager
BPC	Budget Planning Committee	MMC	Member of Mayoral Committee
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EM	Executive Mayor	NERSA	National Electricity Regulator South Africa
FBS	Free basic services	NGO	Non-Governmental organisations
GAMAP	Generally Accepted Municipal Accounting Practice	NKPIs	National Key Performance Indicators
GDP	Gross domestic product	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PBO	Public Benefit Organisations
HR	Human Resources	PMS	Performance Management System
HSRC	Human Science Research Council	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	PPP	Public Private Partnership
IT	Information Technology	PTIS	Public Transport Infrastructure System
km	kilometre	RSC	Regional Services Council
KPA	Key Performance Area	SALGA	South African Local Government Association
KPI	Key Performance Indicator	SAPS	South African Police Service
kWh	kilowatt	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		
	Programme		
MIG	Municipal Infrastructure Grant		

Part 1 – Annual Budget

1.1 Mayor's Report

In his Budget Speech to Parliament on 17 February 2010, the Minister of Finance said: "We cannot expect to do the same old things and expect different results". In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. uPhongolo Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates and historic expenditure patterns.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the uPhongolo Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

And so on... TO BE INCLUDED IN THE ADOPTED BUDGET

1.2 Council Resolutions

On 27 March 2013 the Council of uPhongolo Municipality met in the Council Chambers of the municipality to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of uPhongolo Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The draft annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 21;

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 24;
- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 26; and
- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 31.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 19 on page 33;
 - 1.2.2. Budgeted Cash Flows as contained in Table 20 on page 35;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 21 on page 35;
 - 1.2.4. Asset management as contained in Table 22 on page 35; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 39.
2. The Council of uPhongolo Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for solid waste services – as set out in Annexure C
3. To give proper effect to the municipality's annual budget, the Council of uPhongolo Municipality approves:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 3.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year limited to an amount of R17,543 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 3.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality intends to undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The municipality appropriated a significant portion of the operational budget to address the needs and wants of the community of uPhongolo. The following expenditure prioritised:
 - Youth Council
 - Disabled individuals
 - Support to Men, Women and children
 - Senior Citizens
 - Bursary Fund
 - HIV and AIDS
 - Indigent
 - Poverty Alleviation Programmes

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

Summary Statement of Financial Performance				
Description	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year 2014/15	Budget Year 2015/16
Total Operating Revenue	(113,638,906)	(130,821,308)	(144,286,365)	(167,904,315)
Total Operating Expenditure	109,733,906	127,837,808	144,140,365	166,904,315
SURPLUS/(DEFICIT)	3,905,000	2,983,500	146,000	1,000,000
Total Capital Expenditure	39,401,000	63,027,250	34,612,650	40,238,400

Total operating revenue has grown by 15.1 per cent or R17,182 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational

revenue will increase by 10.3 and 16.4 per cent respectively, equating to a total revenue growth of R37,083 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R127,838 million and translates into a budgeted surplus of R2,983 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 16.5 per cent in the 2013/14 budget and by 12.7 and 15.8 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily decreases to R146 thousand and then increases to R1 million in 2015/16. These surpluses will be used to fund capital expenditure.

The capital budget of R62,027 million for 2013/14 is 60 per cent more when compared to the 2012/13 Adjustment Budget. The increase is due to the acute demand for both road and electricity infrastructure in the municipal area. The capital programme decreases to R34,612 million in the 2014/15 financial year and then evens out in 2015/16 to R40,238 million. A substantial portion of the capital budget will be funded from conditional grants over MTREF. Borrowing will contribute 27 per cent of capital expenditure in 2013/14 when government grants and transfers are excluded. For the two outer years of the MTREF, the capital programme will be financed entirely from government grants and transfers. The balance will be funded from internally generated funds. It should be noted that the Municipality's has not yet reached its prudential borrowing limits and so there is room to substantially increase these borrowing levels over the medium-term.

1.4 Operating Revenue Framework

For Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue and cash management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 83 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);

- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15
Revenue By Source										
Property rates	10 957	10 255	10 952	11 945	11 945	11 945	11 945	13 837	14 585	15 368
Property rates - penalties & collection charges	-	-	-	1	-	-	-	-	-	-
Service charges - electricity revenue	7 344	14 689	18 309	21 490	22 306	22 306	22 306	24 091	26 018	28 100
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	4 361	4 755	4 925	5 234	5 319	5 319	5 319	5 617	5 920	6 240
Service charges - other	867	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	369	437	416	780	823	823	823	869	916	965
Interest earned - external investments	647	909	1 069	1 244	1 244	1 244	1 244	1 314	1 385	1 460
Interest earned - outstanding debtors	1 640	3 212	2 797	1 867	3 191	3 191	3 191	3 370	3 552	3 743
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	134	40	-	26	354	354	354	374	395	416
Licences and permits	2 670	2 986	3 163	2 192	2 192	2 192	2 192	2 315	2 440	2 572
Agency services	299	132	116	492	644	644	644	680	716	755
Transfers recognised - operational	39 734	47 433	57 611	65 398	64 051	64 051	64 051	72 388	83 328	102 623
Other revenue	1 536	308	545	459	1 570	1 570	1 570	5 967	5 032	5 664
Gains on disposal of PPE	-	2 397	17	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	70 557	87 553	99 918	111 126	113 639	113 639	113 639	130 821	144 286	167 904

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2012/13		Current 2013/14		2013/14 Medium Term Revenue & Expenditure			
	R thousand	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year 2014/15	%	Budget Year 2015/16
Revenue By Source								
Property rates	11 945	10.5%	13 837	10.6%	14 585	10.1%	15 368	9.2%
Property rates - penalties & collection charges	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Service charges - electricity revenue	22 306	19.6%	24 091	18.4%	26 018	18.0%	28 100	16.7%
Service charges - water revenue	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Service charges - sanitation revenue	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Service charges - refuse revenue	5 319	4.7%	5 617	4.3%	5 920	4.1%	6 240	3.7%
Service charges - other	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Rental of facilities and equipment	823	0.7%	869	0.7%	916	0.6%	965	0.6%
Interest earned - external investments	1 244	1.1%	1 314	1.0%	1 385	1.0%	1 460	0.9%
Interest earned - outstanding debtors	3 191	2.8%	3 370	2.6%	3 552	2.5%	3 743	2.2%
Dividends received	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Fines	354	0.3%	374	0.3%	395	0.3%	416	0.2%
Licences and permits	2 192	1.9%	2 315	1.8%	2 440	1.7%	2 572	1.5%
Agency services	644	0.6%	680	0.5%	716	0.5%	755	0.4%
Transfers recognised - operational	64 051	56.4%	72 388	55.3%	83 328	57.8%	102 623	61.1%
Other revenue	1 570	1.4%	5 967	4.6%	5 032	3.5%	5 664	3.4%
Gains on disposal of PPE	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Revenue (excluding capital transfers and contributions)	113 639	100%	130 821	100%	144 286	100%	167 904	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operational Transfers recognised constitutes a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise a third of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R39,57 million or 35 per cent. This increases to R43,545 million, R46,523 million and R49,708 million in the respective financial years of the MTREF. A notable trend is the decrease in the total percentage revenue generated from rates and services charges which decreases from 35 per cent in 2012/13 to 30 per cent in 2015/16. This decline can be mainly attributed to the increased revenue from operational transfers which constitute a significant portion of budgeted operating revenue. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 56 MBRR SA1 (see page 100).

Electricity the second largest revenue source totalling 19.6 per cent or R22,306 million and increases to R24,091 million by 2013/14. The third largest sources is property rates which totals R11,495 million or 10.5 percent of total budgeted operation revenue which increases to R13,837 million or 10.6 percent in 2013/14.

Operating grants and transfers totals R64,051 million in the 2012/13 financial year and steadily increases to R72,388 million by 2013/14. Note that the year-on-year growth in grants and transfers for the 2012/13 financial year is 13.1 per cent and then increases in 2014/15 and 2015/16 by 15.1 per cent and 23.2 percent respectively. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	37 669	45 824	55 112	64 079	63 060	63 060	69 929	79 858	100 009
Local Government Equitable Share	35 934	43 874	52 612	59 760	59 760	59 760	66 389	77 124	97 092
Finance Management	1 000	1 200	1 500	1 500	1 500	1 500	1 650	1 800	1 950
Municipal Systems Improvement	735	750	1 000	800	800	800	890	934	967
5% portion of MIG for operations	-	-	-	1 019	-	-	-	-	-
Expanded Public Works Programme Integrated	-	-	-	1 000	1 000	1 000	1 000	-	-
Provincial Government:	-	-	402	1 269	941	941	1 225	1 080	1 130
Community Library Services	-	-	-	101	119	119	139	146	153
Provincialisation of Libraries	-	-	402	422	422	422	886	934	977
Property Rates/ Valuation Roll	-	-	-	746	-	-	-	-	-
Thusong Centre	-	-	-	-	400	400	-	-	-
IDP - Public Participation	-	-	-	-	-	-	200	-	-
District Municipality:	50	50	50	50	50	50	50	50	50
ZDM Subsidy	50	50	50	50	50	50	50	50	50
Total Operating Transfers and Grants	37 719	45 874	55 564	65 398	64 051	64 051	71 204	80 988	101 189

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom bulk tariff is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, *inter alia* with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this

rebate, a further R45 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;

- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum total rebate of 20 per cent will be granted to owners of rate-able property. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The owner must be living permanently on the property.
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The Municipality will not be able to implement a new General Valuation Roll on 1 July 2013. An application has been submitted to the MEC in terms of Section 80 of the Municipal Property Rates Act to condone non-compliance with the said Act. As a result the General Valuation Roll for 2012/13 will continue to be applicable until 30 June 2014. The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 5.6 per cent increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2013/14 financial year

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2012)
	R	R
Residential properties	0.011309	0.010709
State owned properties	0.014137	0.013387
Business & Commercial	0.014137	0.013387
Agricultural	0.002828	0.002677
Vacant land	0.014137	0.013387
Public Service Infrastructure	0.014137	0.013387
Industrial	0.014137	0.013387
Special Non-market Properties	0.014144	0.013387
Public benefit organisation properties	-	-

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has not yet announced the revised bulk electricity pricing structure. Provisionally 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 8 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in the electricity tariffs on domestic consumers:

Table 6 Comparison between current electricity charges and increases

Category	Current Tariffs	Proposed Tariffs	Change
Low Consumers (0-400 kWh):			
- Basic	0	0	8%
- Plus	0.92	0.99	8%
High Consumers (401 – 1000 kWh)			
Developed stands			
- Basic			
- Plus	202.84	219.07	8%
Undeveloped stands			
- Basic	0.85	0.92	8%
- Plus	106.93	115.48	8%
Above 1000 kWh			
	0.85	0.92	8%
	0.85	0.92	8%

On 24 February 2010, the National Energy Regulator (NERSA) approved the implementation of Inclined Block Tariffs (IBT) in order to provide for cross-subsidies for low income domestic customers. The feature of the IBT is that the customers are charged at higher rates as their consumption increases.

uPhongolo Municipality has yet to implement the Inclining Block Tariff Structure. The municipalities are compelled to implement the IBT by 1 July 2013.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff - as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2013/14 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is outsourced and operating at a modest surplus. It is widely accepted that the rendering of this service should at least break even. The contractors engaged to clean the town have operational challenges which affect the cleanliness of the town. It is therefore proposed that the taking up of loans as a strategy for funding of the waste management machinery and equipment be considered and approved to spread the burden over the life span of the assets. As part of the 2013/14 medium-term capital programme, funding has been allocated to waste management department.

A 5.6 per cent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the overall impact of higher than inflation increases of other services. Any increase higher than 5.6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 7 Comparison between current waste removal fees and increases

	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2012/13
	R	R
BELGRADE		
Residential Dwellings	120.91	114.50
Businesses	161.22	152.67
Government & Other Departments	161.22	152.67
URBAN		
Residential and Departmental – twice per week	113.79	107.76
Businesses:		
Bulk Business		
- Small – cage	355.62	336.76
- Medium – cage	829.78	785.78
- Large – cage	1,422.48	1,347.05
Per bin per month – removed daily	161.22	152.07
Business at central point – removed daily	1,422.49	1,347.05
Garden refuse – residential per meter load or part thereof	113.79	107.76
Business waste removal	201.52	190.93
Building Rubble: Cost plus 10% per meter load or part thereof		
ITSHELEJUBA		
Applicable removal cost of contractor + 10% escalation		

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 12 and 13 per cent, with the increase for indigent households closer to 12 per cent.

Table 8 MBRR Table SA14 – Household bills

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &			
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type											
Employee related costs	21 235	26 649	29 409	32 609	32 782	32 782	32 782	35 555	37 796	39 837	
Remuneration of councillors	4 243	4 220	4 549	5 804	5 804	5 804	5 804	6 880	7 321	7 716	
Debt impairment	(1 864)	17 560	24 526	5 981	1 297	1 297	1 297	1 369	1 443	1 521	
Depreciation & asset impairment	2 186	2 718	2 974	3 620	3 620	3 620	3 620	3 823	4 029	4 247	
Finance charges	858	399	752	2 114	951	951	951	1 113	1 014	854	
Bulk purchases	14 469	12 796	15 617	19 556	19 556	19 556	19 556	21 120	22 810	24 635	
Other materials	–	–	–	–	–	–	–	–	–	–	
Contracted services	2 481	7 773	6 471	9 145	9 479	9 479	9 479	10 010	10 551	11 121	
Transfers and grants	–	–	–	–	–	–	–	–	–	–	
Other expenditure	25 242	18 746	21 773	27 504	32 691	32 691	32 691	47 967	59 175	76 973	
Loss on disposal of PPE	–	1 830	1 333	–	–	–	–	–	–	–	
Total Expenditure	68 850	92 691	107 403	106 332	106 180	106 180	106 180	127 838	144 140	166 904	

The budgeted allocation for employee related costs for the 2013/14 financial year totals R36 million, which equals 29.1 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.8 per cent for the 2013/14 financial year. An annual increase of 6.4 and 5.4 per cent respectively has been included in the two outer years of the MTREF. As part of the planning assumptions and interventions by the Executive Committee critical vacant posts have been included in the budget at a scale that is attractive in order to retain and attract the required skills. The outcome of this exercise was the inclusion of R220 million in the 2013/14

financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was significantly reduced to within 5 per cent of the total salary bill.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 83 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year this amount equates to R1,297 million and escalates to R1,369 million by 2013/14. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation, amortisation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R3,822 million for the 2013/14 financial and equates to 3.07 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up .93 per cent (R1,1 million) of operating expenditure and decrease to R854,000 by 2015/16. The Municipality has not yet reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 0.93 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R9.5 million and has escalated by 5.6 per cent to R10.1 million in 2013/14. As part of the process of identifying further cost efficiencies, the significant portion of the refuse removal will be undertaken by the municipality and will be labour intensive, thus creating more jobs for the unemployed. Further details relating to contracted services can be seen in Table 56 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.6 per cent for 2013/14

and curbed at 5.4 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to other expenditure can be seen in Table 56 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

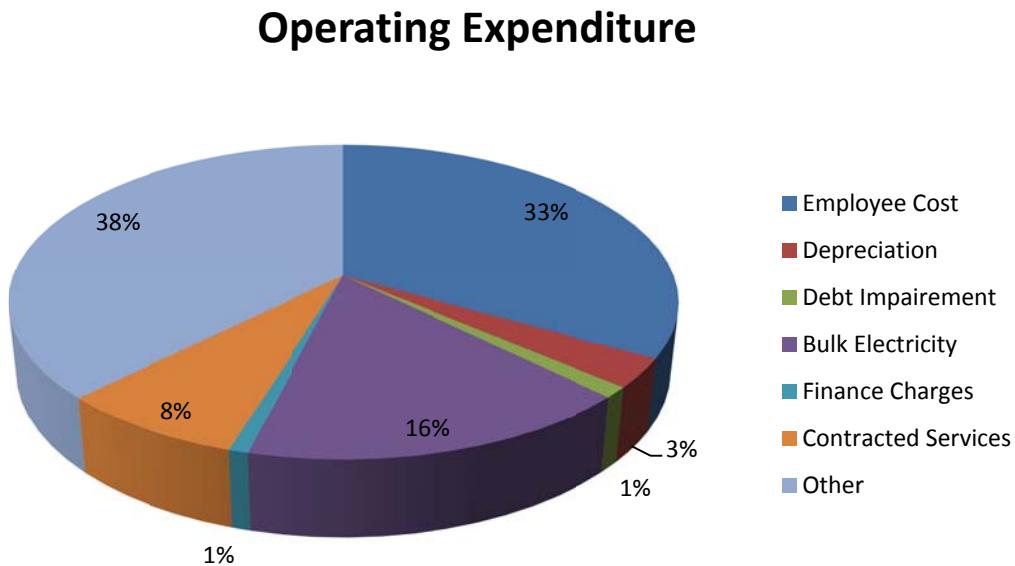


Figure 1 Main operational expenditure categories for the 2011/12 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 10 Operational repairs and maintenance

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand										
Employee related costs	2 061	1 605	2 157	1 863	1 863	1 863	1 863	1 963	2 089	2 201
Other materials	1 827	1 820	1 198	3 891	7 047	7 047	7 047	8 311	11 592	14 579
Contracted Services	-	116	1 397	530	530	530	530	559	589	621
Other Expenditure	-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	3 888	3 541	4 751	6 283	9 439	9 439	9 439	10 833	14 270	17 401

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. During the 2012/13 Adjustments Budget this allocation was adjusted upwards from R3,8 million to R7 million. However, due to the cash flow challenges faced by the Municipality, the repairs and maintenance budget has been slightly reduced to R5,6 million. Notwithstanding this reduction, as part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/14 equates to 4.5 per cent in relation to the operating expenditure budget and continues to grow at 5.6 and 6.4 per cent over the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<u>Repairs and maintenance by Asset Class</u>									
Infrastructure									
Infrastructure - Road transport	2 158	1 752	2 221	3 456	6 513	6 513	6 735	9 118	11 611
Infrastructure - Electricity	474	194	1 394	1 572	1 572	1 572	2 471	3 437	3 983
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Total Infrastructure	2 632	1 947	3 615	5 028	8 084	8 084	9 206	12 555	15 594
Community	11	-	-	-	-	-	32	34	36
Other assets	1 245	1 595	1 137	1 256	1 355	1 355	1 595	1 681	1 772
Total Repairs and Maintenance Expenditure	3 888	3 541	4 751	6 283	9 439	9 439	10 833	14 270	17 401

For the 2013/14 financial year, 77 per cent or R4,3 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling 50.2 per cent (R2,8 million), followed by buildings and distribution network infrastructure at 25 per cent (R1,4 million).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 20 000 or more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 39.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2013/14 Medium-term capital budget per vote

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Governance and administration</i>	117 585	500 000	-	150 000	150 000	150 000	150 000	1 318 300	-	-
<i>Budget and treasury office</i>	200 510	-	-	105 000	305 000	305 000	305 000	2 581 300	-	1 000 000
<i>Corporate services</i>	-	2 865 000	2 044 943	4 246 000	3 582 000	3 582 000	3 582 000	8 887 300	-	-
<i>Community and public safety</i>	7	1 125	-	1 064	1 589	1 589	1 589	751	-	-
<i>Economic and environmental services</i>	11 319	17 183	16 885	17 392	30 075	30 075	30 075	23 702	25 467	27 238
<i>Trading services</i>	410 188	9 750 000	15 205 964	8 700 000	3 700 000	3 700 000	3 700 000	20 000 000	9 000 000	12 000 000
<i>Waste Management</i>	-	250	3 941	-	-	-	-	5 787	146	-
<i>Other</i>	32	20	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	12 085	31 693	38 076	31 657	39 401	39 401	39 401	63 027	34 613	40 238

For 2013/14 an amount of R42,5 million has been appropriated for the development of infrastructure which represents 68,0 per cent of the total capital budget. In the outer years this amount totals R34,54 million, 95,6 per cent and R39,2 million, 97,5 per cent respectively for each of the financial years. Roads and electricity receive the highest allocation of R40,6 million in 2013/14 which equates to 50,7 per cent followed by electricity infrastructure at 49,3 per cent.

Total new assets represent 98,8 per cent or R61,7 million of the total capital budget while asset renewal equates to 1,2 per cent or R756,000. Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 37. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 91, 92 and 93). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Capital Expenditure Allocations	Budget Year 2013/14	Source of Funds
	R	
Road Infrastructure (Ncotshane and town roads)	10,000,000	MIG
Access Roads (Ward 12 and 13)	7,049,000	MIG
Creches (Ward 4,5 and 11)	1,899,000	MIG
Sportfields (13,5 and 11)	3,552,750	MIG
Electrification Programme:		
- Kwagaga	9,460,000	DOE
- Mavithi	4,816,000	DOE
Vehicles and buildings	17,543,000	LOANS
Machinery, furniture and equipment	2,983,500	OWN
TOTAL	63,027,250	

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

Capital Expenditure

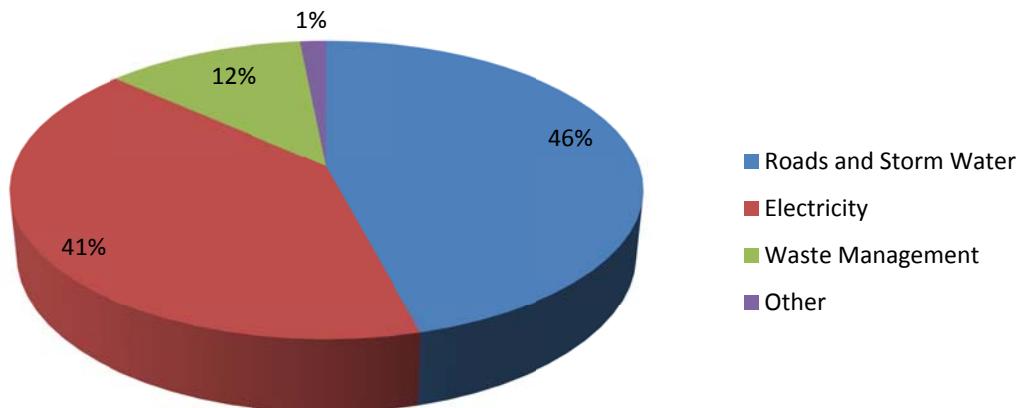


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R141 million in 2013/14 and escalates to R160

million by 2014/15. This concomitant operational expenditure is expected to escalate to R195 million by 2015/16. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 13 MBRR Table A1 - Budget Summary

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	10 957	10 255	10 952	11 946	11 945	11 945	11 945	13 837	14 585	15 368
Service charges	12 572	19 444	23 234	26 723	27 625	27 625	27 625	29 708	31 938	34 340
Investment revenue	647	909	1 069	1 244	1 244	1 244	1 244	1 314	1 385	1 460
Transfers recognised - operational	39 734	47 433	57 611	65 398	64 051	64 051	64 051	72 388	82 328	102 623
Other own revenue	6 648	9 512	7 052	5 815	8 773	8 773	8 773	13 574	13 050	14 114
Total Revenue (excluding capital transfers and contributions)	70 557	87 553	99 918	111 126	113 639	113 639	113 639	130 821	143 286	167 904
Employee costs	21 235	26 649	29 409	32 609	32 782	32 782	32 782	35 555	37 796	39 837
Remuneration of councillors	4 243	4 220	4 549	5 804	5 804	5 804	5 804	6 880	7 321	7 716
Depreciation & asset impairment	2 186	2 718	2 974	3 620	3 620	3 620	3 620	3 823	4 029	4 247
Finance charges	858	399	752	2 114	951	951	951	1 113	1 014	854
Materials and bulk purchases	14 469	12 796	15 617	19 556	19 556	19 556	19 556	21 120	22 810	24 635
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	25 859	45 909	54 103	42 630	43 467	43 467	43 467	59 346	71 170	89 615
Total Expenditure	68 850	92 691	107 403	106 332	106 180	106 180	106 180	127 838	144 140	166 904
Surplus/(Deficit)	1 707	(5 138)	(7 485)	4 794	7 459	7 459	7 459	2 984	(854)	1 000
Transfers recognised - capital	11 319	8 072	24 613	0	32 596	32 596	32 596	42 501	34 467	39 238
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	13 025	2 934	17 128	4 794	40 055	40 055	40 055	45 484	33 613	40 238
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	13 025	2 934	17 128	4 794	40 055	40 055	40 055	45 484	33 613	40 238
Capital expenditure & funds sources										
Capital expenditure	12 085	31 693	38 076	31 657	39 401	39 401	39 401	63 027	34 613	40 238
Transfers recognised - capital	11 319	8 072	24 613	27 352	32 596	32 596	32 596	42 501	34 467	39 238
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	4 154	2 900	2 900	2 900	2 900	17 543	–	–
Internally generated funds	767	23 621	9 309	1 405	3 905	3 905	3 905	2 984	146	1 000
Total sources of capital funds	12 085	31 693	38 076	31 657	39 401	39 401	39 401	63 027	34 613	40 238
Financial position										
Total current assets	41 917	46 106	32 678	19 195	40 083	40 083	40 083	40 786	55 229	59 476
Total non current assets	151 781	160 069	191 982	183 549	227 703	227 703	227 703	286 968	317 552	353 543
Total current liabilities	22 503	35 506	35 346	10 635	23 600	23 600	23 600	24 842	24 534	25 948
Total non current liabilities	13 063	9 100	11 411	11 583	12 833	12 833	12 833	24 524	23 134	21 109
Community wealth/Equity	158 131	161 570	177 903	180 526	231 354	231 354	231 354	278 388	325 113	365 962
Cash flows										
Net cash from (used) operating	8 701	29 318	32 012	26 315	42 472	42 472	42 472	43 538	44 594	39 652
Net cash from (used) investing	(9 009)	(17 686)	(34 797)	(26 323)	(39 401)	(39 401)	(39 401)	(63 027)	(34 613)	(40 238)
Net cash from (used) financing	273	273	3 551	(820)	254	254	254	14 897	(1 866)	(1 059)
Cash/cash equivalents at the year end	3 504	15 409	16 175	1 352	19 500	19 500	19 500	14 907	23 022	21 377
Cash backing/surplus reconciliation										
Cash and investments available	3 504	15 409	16 175	1 910	19 500	19 500	19 500	14 907	23 022	20 477
Application of cash and investments	(11 866)	7 162	21 563	(12 793)	10 634	10 634	10 634	6 098	1 859	(2 368)
Balance - surplus (shortfall)	15 370	8 246	(5 388)	14 703	8 866	8 866	8 866	8 809	21 163	22 845
Asset management										
Asset register summary (WDV)	96 898	88 197	191 982	104 658	227 763	227 763	286 968	286 968	317 552	353 543
Depreciation & asset impairment	2 186	2 718	2 974	3 620	3 620	3 620	3 823	3 823	4 029	4 247
Renewal of Existing Assets	–	–	–	–	–	–	–	3 783	–	1 000
Repairs and Maintenance	3 888	3 541	4 751	6 283	9 439	9 439	10 833	10 833	14 270	17 401
Free services										
Cost of Free Basic Services provided	1 568	1 568	1 568	1 568	1 568	1 568	1 662	1 662	1 758	1 860
Revenue cost of free services provided	–	–	–	3 581	3 581	3 581	3 781	3 781	3 986	4 199
<u>Households below minimum service level</u>										
Water:	14	14	14	14	14	14	–	–	–	–
Sanitation/sewage:	19	19	19	19	19	19	–	–	–	–
Energy:	13	13	13	13	13	13	–	–	–	–
Refuse:	22	22	22	22	22	22	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the

municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the electricity and roads backlog will have been very nearly eliminated.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard										
<i>Governance and administration</i>		44 028	59 616	81 738	54 577	56 416	56 416	68 522	75 649	88 727
Executive and council		5 468	7 702	11 079	14 087	14 087	14 087	15 675	18 414	22 120
Budget and treasury office		35 992	50 766	70 261	28 320	29 726	29 726	39 330	41 681	46 959
Corporate services		2 568	1 147	398	12 170	12 603	12 603	13 517	15 554	19 648
<i>Community and public safety</i>		2 276	3 333	4 583	13 407	14 499	14 499	14 034	15 855	19 348
Community and social services		2 051	2 922	3 732	4 889	4 944	4 944	3 616	3 929	4 427
Sport and recreation		74	28	54	2 000	2 556	2 556	2 251	2 592	3 278
Public safety		150	383	797	6 518	6 999	6 999	7 724	8 822	10 989
Housing		–	–	–	–	–	–	444	513	654
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		20 110	2 599	14 702	13 520	44 572	44 572	37 643	42 460	48 045
Planning and development		580	82	12 339	5 524	36 577	36 577	27 618	31 107	34 119
Road transport		19 530	2 517	2 364	7 996	7 996	7 996	10 025	11 353	13 925
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		19 576	27 687	23 234	29 133	30 258	30 258	52 586	44 175	50 257
Electricity		10 542	17 471	18 309	23 487	24 425	24 425	46 426	37 682	43 413
Water		–	329	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		9 034	9 887	4 925	5 646	5 834	5 834	6 160	6 493	6 844
<i>Other</i>	4	78	(7)	258	490	490	490	537	614	767
Total Revenue - Standard	2	86 067	93 228	124 515	111 126	146 235	146 235	173 322	178 753	207 143
Expenditure - Standard										
<i>Governance and administration</i>		22 895	47 545	58 163	50 688	48 992	48 992	60 808	69 947	85 543
Executive and council		7 376	9 811	12 880	14 392	15 345	15 345	22 118	29 475	43 100
Budget and treasury office		9 979	28 758	10 817	21 568	19 542	19 542	21 965	22 790	23 806
Corporate services		5 539	8 976	34 466	14 727	14 105	14 105	16 724	17 682	18 636
<i>Community and public safety</i>		11 681	14 360	14 683	14 286	14 860	14 860	15 975	17 579	18 737
Community and social services		3 995	3 286	4 367	4 712	4 814	4 814	5 096	5 413	5 705
Sport and recreation		1 401	1 871	1 518	2 143	2 397	2 397	2 531	2 668	2 812
Public safety		6 259	9 181	8 786	7 031	7 250	7 250	8 348	9 499	10 220
Housing		25	22	13	400	400	400	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		9 822	12 063	12 140	12 945	17 223	17 223	19 296	22 414	25 624
Planning and development		3 967	7 014	6 567	6 371	6 845	6 845	7 753	8 210	8 653
Road transport		5 855	5 049	5 573	6 574	10 378	10 378	11 542	14 204	16 971
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		18 366	16 014	21 715	31 215	28 153	28 153	30 349	32 711	35 430
Electricity		15 780	16 166	18 245	25 522	22 460	22 460	24 943	27 013	29 425
Water		72	–	–	–	–	–	–	–	–
Waste water management		6	–	–	–	–	–	–	–	–
Waste management		2 508	(153)	3 470	5 693	5 693	5 693	5 406	5 698	6 006
<i>Other</i>	4	4 542	451	684	491	506	506	1 410	1 489	1 570
Total Expenditure - Standard	3	67 304	90 434	107 386	109 626	109 734	109 734	127 838	144 140	166 904
Surplus/(Deficit) for the year		18 763	2 794	17 128	1 501	36 501	36 501	45 484	34 613	40 238

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - 10 EXECUTIVE COUNCIL		5 468	7 702	11 079	14 087	14 087	14 087	15 675	18 414	22 120
Vote 2 - 15 BUDGET & TREASURY OFFICE		35 992	42 196	70 261	28 320	29 726	29 726	39 330	41 681	46 959
Vote 3 - 20 CORPORATE SERVICES		378	1 147	398	12 170	12 603	12 603	13 517	15 554	19 648
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		2 051	2 922	3 732	4 889	4 944	4 944	3 616	3 929	4 427
Vote 5 - 30 SPORTS & RECREATION		74	28	54	2 000	2 556	2 556	2 251	2 592	3 278
Vote 6 - 35 PUBLIC SAFETY		150	383	797	6 518	6 999	6 999	7 724	8 822	10 989
Vote 7 - 50 PLANNING & DEVELOPMENT		580	82	12 339	5 524	36 577	36 577	28 883	32 569	35 981
Vote 8 - 55 ROADS TRANSPORT		2 520	2 517	2 364	7 996	7 996	7 996	7 495	8 429	10 201
Vote 9 - 60 ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-
Vote 10 - 85 OTHER		19 279	8 892	258	490	490	490	1 802	2 076	2 629
Vote 11 - 40 HOUSING		-	-	-	-	-	-	444	513	654
Vote 12 - 65 ELECTRICITY		10 542	17 471	18 309	23 487	24 425	24 425	46 426	37 682	43 413
Vote 13 - 70 WATER		-	-	-	-	-	-	-	-	-
Vote 14 - 75 WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 15 - 80 WASTE MANAGEMENT		9 034	9 887	4 925	5 646	5 834	5 834	6 160	6 493	6 844
Total Revenue by Vote	2	86 067	93 228	124 515	111 126	146 235	146 235	173 322	178 753	207 143
Expenditure by Vote to be appropriated	1									
Vote 1 - 10 EXECUTIVE COUNCIL		7 376	9 811	12 880	14 392	15 345	15 345	22 118	29 475	43 100
Vote 2 - 15 BUDGET & TREASURY OFFICE		9 979	28 186	10 817	21 568	19 542	19 542	21 965	22 790	23 806
Vote 3 - 20 CORPORATE SERVICES		5 538	8 976	34 466	14 727	14 105	14 105	16 724	17 682	18 636
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		3 995	3 286	4 367	4 712	4 814	4 814	5 096	5 413	5 705
Vote 5 - 30 SPORTS & RECREATION		1 401	1 871	1 518	2 143	2 397	2 397	2 531	2 668	2 812
Vote 6 - 35 PUBLIC SAFETY		6 259	9 181	8 786	7 031	7 250	7 250	8 348	9 499	10 220
Vote 7 - 50 PLANNING & DEVELOPMENT		3 967	5 265	6 567	6 371	6 845	6 845	7 753	8 210	8 653
Vote 8 - 55 ROADS TRANSPORT		5 855	5 049	5 573	6 574	10 378	10 378	11 542	14 204	16 971
Vote 9 - 60 ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-
Vote 10 - 85 OTHER		4 543	2 773	684	491	506	506	1 410	1 489	1 570
Vote 11 - 40 HOUSING		25	22	13	400	400	400	-	-	-
Vote 12 - 65 ELECTRICITY		15 780	16 166	18 245	25 522	22 460	22 460	24 943	27 013	29 425
Vote 13 - 70 WATER		-	-	-	-	-	-	-	-	-
Vote 14 - 75 WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 15 - 80 WASTE MANAGEMENT		2 508	(153)	3 470	5 693	5 693	5 693	5 406	5 698	6 006
Total Expenditure by Vote	2	67 227	90 434	107 386	109 626	109 734	109 734	127 838	144 140	166 904
Surplus/(Deficit) for the year	2	18 841	2 794	17 128	1 501	36 501	36 501	45 484	34 613	40 238

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 Surplus/(Deficit) calculations for the trading services

Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Budget Year +2 2013/14		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2011/12	+1 2012/13	+2 2013/14
Electricity									
Total Revenue (incl capital grants and transfers)	2,972,994	3,571,748	4,256,897	5,675,556	5,696,201	5,696,201	6,325,456	7,298,982	8,590,500
Operating Expenditure	2,448,438	2,729,799	3,701,651	4,118,600	4,307,348	4,307,348	5,406,037	6,507,439	7,961,178
Surplus/(Deficit) for the year	524,556	841,949	555,246	1,556,956	1,388,852	1,388,852	919,419	791,543	629,322
Percentage Surplus	18%	24%	13%	27%	24%	24%	15%	11%	7%
Water									
Total Revenue (incl capital grants and transfers)	1,171,991	1,382,402	1,592,818	1,599,662	1,609,662	1,609,662	1,984,563	2,333,215	2,293,850
Operating Expenditure	1,040,921	1,072,760	1,142,850	1,315,032	1,351,020	1,351,020	1,493,920	1,679,871	1,780,354
Surplus/(Deficit) for the year	176,650	221,747	382,858	621,889	464,931	464,931	336,207	343,450	367,396
Percentage Surplus	15%	16%	24%	39%	29%	29%	17%	15%	16%

2. The electricity trading surplus is improving modestly over the 2013/14 MTREF from 4.0 per cent or R989,265 in 2013/14 to 4.4 per cent or R1,3 million by 2015/16. This is primarily as a result of the high increases in Eskom bulk purchases as well as repairs and maintenance budget being understated due to cash flow challenges.
3. The solid waste management surplus remains constant over the MTREF translating into a surplus of 12 per cent for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services*.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	10 957	10 255	10 952	11 945	11 945	11 945	11 945	13 837	14 585	15 368
Property rates - penalties & collection charges		–	–	–	1	–	–	–	–	–	–
Service charges - electricity revenue	2	7 344	14 689	18 309	21 490	22 306	22 306	22 306	24 091	26 018	28 100
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	4 361	4 755	4 925	5 234	5 319	5 319	5 319	5 617	5 920	6 240
Service charges - other		867	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		369	437	416	780	823	823	823	869	916	965
Interest earned - external investments		647	909	1 069	1 244	1 244	1 244	1 244	1 314	1 385	1 460
Interest earned - outstanding debtors		1 640	3 212	2 797	1 867	3 191	3 191	3 191	3 370	3 552	3 743
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		134	40	–	26	354	354	354	374	395	416
Licences and permits		2 670	2 986	3 163	2 192	2 192	2 192	2 192	2 315	2 440	2 572
Agency services		299	132	116	492	644	644	644	680	716	755
Transfers recognised - operational		39 734	47 433	57 611	65 398	64 051	64 051	64 051	72 388	83 328	102 623
Other revenue	2	1 536	308	545	459	1 570	1 570	1 570	5 967	5 032	5 664
Gains on disposal of PPE		–	2 397	17	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		70 557	87 553	99 918	111 126	113 639	113 639	113 639	130 821	144 286	167 904
Expenditure By Type											
Employee related costs	2	21 235	26 649	29 409	32 609	32 782	32 782	32 782	35 555	37 796	39 837
Remuneration of councillors		4 243	4 220	4 549	5 804	5 804	5 804	5 804	6 880	7 321	7 716
Debt impairment	3	(1 864)	17 560	24 526	5 981	1 297	1 297	1 297	1 369	1 443	1 521
Depreciation & asset impairment	2	2 186	2 718	2 974	3 620	3 620	3 620	3 620	3 823	4 029	4 247
Finance charges		858	399	752	2 114	951	951	951	1 113	1 014	854
Bulk purchases	2	14 469	12 796	15 617	19 556	19 556	19 556	19 556	21 120	22 810	24 635
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		2 481	7 773	6 471	9 145	9 479	9 479	9 479	10 010	10 551	11 121
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	25 242	18 746	21 773	27 504	32 691	32 691	32 691	47 967	59 175	76 973
Loss on disposal of PPE		–	1 830	1 333	–	–	–	–	–	–	–
Total Expenditure		68 850	92 691	107 403	106 332	106 180	106 180	106 180	127 838	144 140	166 904
Surplus/(Deficit)		1 707	(5 138)	(7 485)	4 794	7 459	7 459	7 459	2 984	146	1 000
Transfers recognised - capital		16 362	8 072	24 613	0	32 596	32 596	32 596	42 501	34 467	39 238
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		18 069	2 934	17 128	4 794	40 055	40 055	40 055	45 484	34 613	40 238
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		18 069	2 934	17 128	4 794	40 055	40 055	40 055	45 484	34 613	40 238
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		18 069	2 934	17 128	4 794	40 055	40 055	40 055	45 484	34 613	40 238
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		18 069	2 934	17 128	4 794	40 055	40 055	40 055	45 484	34 613	40 238

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R127,3 million in 2013/14 and escalates to R162,9 million by 2015/16. This represents a year-on-year increase of 9,9 per cent for the 2014/15 financial year and 16.5 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R13,8 million in the 2013/14 financial year and increases to R15,4 million by 2015/16 which represents 8.7 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.6 per cent for 2013/14 and 5.4 per cent for the two outer years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R29,7 million for the 2013/14 financial year and increasing to R34,3 million by 2015/16. For the 2013/14 financial year services charges amount to 23.3 per cent of the total revenue and slightly decreases to 21.1% by 2015/16.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 13.0 per cent in 2013/14 and 15.1 per cent and 23.2 per cent for the two outer years respectively. The percentage share of this revenue source increases from 56 per cent in 2013/14 to 62.9 per cent in 2015/16.
5. The appropriation for employee salaries and wages for 2013/14 is R36,217 million compared to R32,782 in 2012/13, an increase of 10.5 per cent. The Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1,25 per cent for the 2013/14 financial year. Therefore, the salary cost has been increased by 6.85 per cent as directed by National Treasury in Circular 67. The percentage difference of 3.65 (10.5 – 6.85) per cent relates to additional human capacity required. The percentage of salaries and wages is 29.1 per cent (2012/13: 29.8 per cent) of the total operating budget.
6. The remuneration of Councillors has been increased by 5.6 per cent to R6,88 million in 2013/14 from R5,804 million in 2012/13 after taking into account the approved 2012/13 Upper Limits for Councillors, and increase to R7,7 million by 2015/16.
7. The budget for bulk purchases of electricity has been increased provisionally by 8 per cent to R21,1 million as per National Treasury Directive in Circular 67. The municipality has submitted a tariff application to NERSA (D-Forms) for 2013/14. The approved tariff determination will be incorporated in the final 2013/14 budget and MTREF's for

consideration by the Council. The bulk electricity appropriation increases to R24,6 million by 2015/16.

8. The other expenses budget amounts R43,8 million in 2013/14 and increase to R71,2 million by 2015/16. This represents a cumulative year-on-year increase of 62.5 per cent. By 2015/16. These expenses are for day to day operations of the Council. The increase is informed by the need to improve delivery of basic services to the poor households and job creation.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>											
Vote 1 - 10 EXECUTIVE COUNCIL		-	-	-	-	-	-	-	-	-	
Vote 2 - 15 BUDGET & TREASURY OFFICE		-	-	-	-	-	-	-	-	-	
Vote 3 - 20 CORPORATE SERVICES		-	-	893	-	-	-	-	-	-	
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	
Vote 5 - 30 SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	
Vote 6 - 35 PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	
Vote 7 - 50 PLANNING & DEVELOPMENT		-	16 793	14 798	16 852	20 371	20 371	20 371	22 501	25 467	27 238
Vote 8 - 55 ROADS TRANSPORT	11 319	-	-	-	-	-	-	-	-	-	
Vote 9 - 60 ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	
Vote 10 - 85 OTHER		-	-	-	-	-	-	-	-	-	
Vote 11 - 40 HOUSING		-	-	-	-	-	-	-	-	-	
Vote 12 - 65 ELECTRICITY		-	-	9 816	-	-	-	-	20 000	9 000	12 000
Vote 13 - 70 WATER		-	-	-	-	-	-	-	-	-	
Vote 14 - 75 WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	
Vote 15 - 80 WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	7	11 319	16 793	25 506	16 852	20 371	20 371	20 371	42 501	34 467	39 238
<i>Single-year expenditure to be appropriated</i>											
Vote 1 - 10 EXECUTIVE COUNCIL		118	500	-	150	150	150	150	1 318	-	-
Vote 2 - 15 BUDGET & TREASURY OFFICE		201	-	-	105	303	303	303	2 581	-	1 000
Vote 3 - 20 CORPORATE SERVICES		-	2 865	1 152	4 246	3 584	3 584	3 584	8 887	-	-
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		7	430	-	215	215	215	215	1	-	-
Vote 5 - 30 SPORTS & RECREATION		-	150	-	525	525	525	525	-	-	-
Vote 6 - 35 PUBLIC SAFETY		-	535	-	849	849	849	849	750	-	-
Vote 7 - 50 PLANNING & DEVELOPMENT		-	-	2 087	540	9 704	9 704	9 704	1	-	-
Vote 8 - 55 ROADS TRANSPORT		-	390	-	-	-	-	-	1 200	-	-
Vote 9 - 60 ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 10 - 85 OTHER		32	20	3 941	-	-	-	-	-	-	-
Vote 11 - 40 HOUSING		-	10	-	-	-	-	-	-	-	-
Vote 12 - 65 ELECTRICITY		410	9 750	5 390	8 700	3 700	3 700	3 700	-	-	-
Vote 13 - 70 WATER		-	-	-	-	-	-	-	-	-	-
Vote 14 - 75 WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 15 - 80 WASTE MANAGEMENT		-	250	-	-	-	-	-	5 787	146	-
Capital single-year expenditure sub-total	767	14 900	12 570	14 805	19 030	19 030	19 030	19 030	20 527	146	1 000
Total Capital Expenditure - Vote	12 085	31 693	38 076	31 657	39 401	39 401	39 401	39 401	63 027	34 613	40 238
Capital Expenditure - Standard											
<i>Governance and administration</i>											
Executive and council	318	3 365	2 045	4 501	4 037	4 037	4 037	4 037	12 787	-	1 000
Budget and treasury office	118	500	-	150	150	150	150	150	1 318	-	-
Corporate services	201	-	-	105	303	303	303	303	2 581	-	1 000
<i>Community and public safety</i>											
Community and social services	7	1 125	-	1 064	1 589	1 589	1 589	1 589	751	-	-
Sport and recreation	7	580	-	215	215	215	215	215	1	-	-
Public safety	-	535	-	849	849	849	849	849	750	-	-
Housing	-	10	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>											
Planning and development	11 319	17 183	16 885	17 392	30 075	30 075	30 075	30 075	23 702	25 467	27 238
Road transport	-	16 793	16 885	17 392	30 075	30 075	30 075	30 075	22 502	25 467	27 238
Environmental protection	11 318 585	390	-	-	-	-	-	-	1 200	-	-
<i>Trading services</i>											
Electricity	410	10 000	19 147	8 700	3 700	3 700	3 700	3 700	25 787	9 146	12 000
Water	410	9 750	15 206	8 700	3 700	3 700	3 700	3 700	20 000	9 000	12 000
Waste water management	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	250	3 941	-	-	-	-	-	5 787	146	-
Other	32	20	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	12 085	31 693	38 076	31 657	39 401	39 401	39 401	63 027	34 613	40 238
Funded by:											
National Government	12 085	31 693	24 613	19 352	20 371	20 371	20 371	20 371	42 501	34 467	39 238
Provincial Government	-	-	-	-	12 225	12 225	12 225	12 225	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	8 000	-	-	-	-	-	-	-
Transfers recognised - capital	4	12 085	31 693	24 613	27 352	32 596	32 596	32 596	42 501	34 467	39 238
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	2 900	2 900	2 900	2 900	17 543	-	-
Internally generated funds	-	-	-	13 463	1 405	3 905	3 905	3 905	2 984	146	1 000
Total Capital Funding	7	12 085	31 693	38 076	31 657	39 401	39 401	39 401	63 027	34 613	40 238

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R42,5 million has been allocated of the total R62,47 billion capital budget, which totals 68.0 per cent. This allocation decreases to R34,5 million in 2014/15 and then increase to R39,2 million in 2015/16 owing primarily to the fact that various projects reach completion in 2015/16 hence the spike in expenditure in year three.
3. Single-year capital expenditure has been appropriated at R19,9 million for the 2013/14 financial year and decreases significantly to R146,000 in 2014/15 and increase to R1 million by 2015/16.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national conditional grants and transfers, borrowings and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R42,5 million (68 per cent) and decrease to R39,2 million by 2015/15 (97.5 per cent). Borrowings have been provided at R16,9 million for 2013/14 only with internally generated funding totaling R2,98 million, R146,000 and R1 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		1 727	3 201	7 441	1 760	3	3	3	3	3	3
Call investment deposits	1	1 777	12 207	8 734	150	19 497	19 497	19 497	14 904	23 019	21 474
Consumer debtors	1	25 281	18 744	4 749	9 255	10 230	10 230	10 230	16 264	22 729	29 658
Other debtors		2 844	1 407	2 640	778	1 239	1 239	1 239	502	365	227
Current portion of long-term receivables		—	—	—	7 065	—	—	—	—	—	—
Inventory	2	10 288	10 546	9 113	187	9 113	9 113	9 113	9 113	9 113	9 113
Total current assets		41 917	46 106	32 678	19 195	40 083	40 083	40 083	40 786	55 229	60 476
Non current assets											
Long-term receivables		3 263	3 263	—	5 981	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—	—
Investment property		96 855	88 095	88 095	104 517	88 095	88 095	88 095	88 095	88 095	88 095
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	46 609	68 609	103 761	72 910	139 507	139 507	139 507	197 757	228 626	264 103
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		43	102	127	141	102	102	102	1 116	831	1 346
Other non-current assets		5 012	—	—	—	—	—	—	—	—	—
Total non current assets		151 781	160 069	191 982	183 549	227 703	227 703	227 703	286 968	317 552	353 543
TOTAL ASSETS		193 698	206 175	224 660	202 743	267 786	267 786	267 786	327 754	372 781	414 019
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	1 462	1 006	2 464	2 813	2 464	2 464	2 464	4 152	2 647	2 388
Consumer deposits		861	—	—	511	—	—	—	—	—	—
Trade and other payables	4	19 946	34 500	32 882	900	21 135	21 135	21 135	20 690	21 887	23 561
Provisions		234	—	—	6 411	—	—	—	—	—	—
Total current liabilities		22 503	35 506	35 346	10 635	23 600	23 600	23 600	24 842	24 534	25 948
Non current liabilities											
Borrowing		3 467	3 213	5 006	7 094	6 210	6 210	6 210	17 671	16 039	13 758
Provisions		9 596	5 886	6 404	4 488	6 622	6 622	6 622	6 852	7 095	7 351
Total non current liabilities		13 063	9 100	11 411	11 583	12 833	12 833	12 833	24 524	23 134	21 109
TOTAL LIABILITIES		35 567	44 605	46 757	22 218	36 432	36 432	36 432	49 366	47 668	47 058
NET ASSETS	5	158 131	161 570	177 903	180 526	231 354	231 354	231 354	278 388	325 113	366 962
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		158 131	161 570	177 903	180 526	231 354	231 354	231 354	278 388	325 113	366 962
Reserves	4	—	—	—	—	—	—	—	—	—	—
Minorities' interests		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	158 131	161 570	177 903	180 526	231 354	231 354	231 354	278 388	325 113	366 962

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;

- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		24 533	33 570	37 882	38 039	44 263	44 263	44 263	49 716	51 664	55 372
Government - operating	1	39 734	47 433	57 611	63 399	64 051	64 051	64 051	72 388	83 328	102 623
Government - capital	1	16 362	8 072	24 613	19 352	32 596	32 596	32 596	42 501	34 467	39 238
Interest		647	4 140	3 866	3 007	1 244	1 244	1 244	1 314	1 385	1 460
Dividends		-	-	-	-	-	-	-			
Payments											
Suppliers and employees		(72 175)	(63 497)	(91 209)	(95 650)	(98 732)	(98 732)	(98 732)	(121 269)	(125 236)	(158 086)
Finance charges		(399)	(399)	(752)	(1 833)	(951)	(951)	(951)	(1 113)	(1 014)	(854)
Transfers and Grants	1	-	-	-	-						
NET CASH FROM/(USED) OPERATING ACTIVITIES		8 701	29 318	32 012	26 315	42 472	42 472	42 472	43 538	44 594	39 752
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(10 960)	846	1 350	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	3 263	(1 664)	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		1 950	-	-	-	-	-	-	-	-	-
Payments											
Capital assets	1	(18 532)	(39 409)	(24 658)	(39 401)	(39 401)	(39 401)	(39 401)	(63 027)	(34 613)	(40 238)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 009)	(17 686)	(34 797)	(26 323)	(39 401)	(39 401)	(39 401)	(63 027)	(34 613)	(40 238)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	8 000	-	-	-	-	-	-
Borrowing long term/refinancing		(710)	-	(729)	2 900	2 900	2 900	2 900	17 543	-	-
Increase (decrease) in consumer deposits	1 815	1 815	299	39	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(832)	(1 542)	3 982	(11 759)	(2 646)	(2 646)	(2 646)	(2 646)	(1 866)	(1 059)
NET CASH FROM/(USED) FINANCING ACTIVITIES		273	273	3 551	(820)	254	254	254	14 897	(1 866)	(1 059)
NET INCREASE/ (DECREASE) IN CASH HELD		(34)	11 904	767	(827)	3 325	3 325	3 325	(4 593)	8 115	(1 545)
Cash/cash equivalents at the year begin:	2	3 539	3 504	15 409	2 179	16 175	16 175	16 175	19 500	14 907	23 022
Cash/cash equivalents at the year end:	2	3 504	15 409	16 175	1 352	19 500	19 500	19 500	19 500	14 907	23 022

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	3 504	15 409	16 175	1 352	19 500	19 500	19 500	14 907	23 022	21 477
Other current investments > 90 days		-	-	-	558	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		3 504	15 409	16 175	1 910	19 500	19 500	19 500	14 907	23 022	21 477
Application of cash and investments											
Unspent conditional transfers		7 473	14 784	7 472	-	1 840	1 840	1 840	1 840	1 840	1 840
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	(19 339)	(7 621)	14 091	(12 793)	8 794	8 794	8 794	4 258	19	(4 209)
Other working capital requirements	3										
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(11 866)	7 162	21 563	(12 793)	10 634	10 634	10 634	6 098	1 859	(2 368)
Surplus(shortfall)		15 370	8 246	(5 388)	14 703	8 866	8 866	8 866	8 809	21 163	23 845

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Municipality plans to undertake an extensive debt collection drive which will result in an increase of cash receipts from arrear debtors.
4. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R18,2 million as at the end of the 2013/14 financial year and escalates to R23,5 million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2011/12 the surplus deteriorated to a deficit of R5,4 million. From 2012/13 the surplus improves from R8,8 million to R22,8 million by 2015/16.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was funded owing to the significant surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 22 MBRR Table A9 - Asset Management

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
CAPITAL EXPENDITURE									
Total New Assets	135,078	344,960	926,945	1,686,656	1,184,539	1,184,539	1,397,635	1,540,920	1,334,705
Infrastructure - Road transport	89,791	218,822	329,311	353,187	341,648	341,648	383,331	518,458	445,251
Infrastructure - Electricity	5,995	30,503	43,383	248,285	258,720	258,720	293,450	213,311	208,000
Infrastructure - Water	–	14,043	20,215	80,225	55,500	55,500	55,500	54,000	55,500
Infrastructure - Sanitation	–	3,523	158,075	177,670	74,708	74,708	229,363	81,916	168,974
Infrastructure - Other	447	9,444	156,347	600,483	304,774	304,774	340,609	555,800	315,292
Infrastructure	96,233	276,335	707,337	1,459,849	1,035,350	1,035,350	1,302,253	1,423,485	1,793,077
Community	38,844	57,074	162,652	162,663	119,415	119,415	76,950	103,100	124,702
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	19,360	30,000	14,000	14,000	–	–	–
Other assets	–	11,551	37,602	34,144	15,774	15,774	18,432	14,335	16,986
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	1,230,766	1,412,916	1,751,341	1,790,814	1,492,394	1,492,394	1,216,814	1,595,194	1,583,420
Infrastructure - Road transport	148,181	227,202	219,600	210,310	197,963	197,963	101,734	79,741	76,150
Infrastructure - Electricity	311,422	368,064	426,524	359,710	306,842	306,842	301,786	358,959	372,544
Infrastructure - Water	151,356	290,817	388,685	292,176	239,639	239,639	155,973	284,822	291,958
Infrastructure - Sanitation	158,542	161,901	133,900	208,330	274,997	274,997	252,332	389,684	344,265
Infrastructure - Other	77,965	50,101	114,642	89,490	112,814	112,814	37,460	38,500	40,500
Infrastructure	847,466	1,098,085	1,283,350	1,160,017	1,132,254	1,132,254	849,284	1,157,705	1,125,477
Community	120,295	63,740	112,628	145,707	114,302	114,302	130,091	173,014	183,787
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	195,463	186,957	264,396	401,394	175,911	175,911	144,000	163,630	166,312
Other assets	64,450	64,133	90,967	82,996	69,427	69,427	92,539	105,945	106,405
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	3,092	–	–	700	500	500	900	900	1,500
Total Capital Expenditure	237,973	446,024	548,911	563,497	539,611	539,611	485,065	598,199	521,401
Infrastructure - Road transport	317,418	398,567	469,907	607,995	565,562	565,562	595,236	572,270	580,544
Infrastructure - Electricity	151,356	304,860	408,899	372,401	295,139	295,139	211,473	338,822	347,458
Infrastructure - Water	158,542	165,424	291,975	386,000	349,705	349,705	481,695	471,600	513,239
Infrastructure - Sanitation	78,411	59,545	270,989	689,973	417,588	417,588	378,069	594,300	355,792
Infrastructure - Other	943,699	1,374,420	1,990,681	2,679,866	2,167,605	2,167,605	2,151,537	2,575,790	2,378,433
Community	159,139	120,815	275,280	308,370	233,717	233,717	207,041	276,114	308,489
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	195,463	186,957	283,757	431,394	189,911	189,911	144,000	163,630	166,312
Other assets	64,450	75,684	128,568	117,140	85,201	85,201	110,971	120,279	123,391
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	3,092	–	–	700	500	500	900	900	1,500
TOTAL CAPITAL EXPENDITURE - Asset class	1,365,844	1,757,876	2,678,286	3,477,470	2,676,933	2,676,933	2,614,449	3,136,114	2,918,125
ASSET REGISTER SUMMARY - PPE (WDV)									
ASSET REGISTER SUMMARY - PPE (WDV)	1,466,948	2,182,903	2,715,218	3,115,947	3,083,683	3,083,683	3,412,144	3,826,411	4,161,940
Infrastructure - Road transport	1,142,108	1,692,697	2,009,193	2,406,852	2,389,704	2,389,704	2,779,596	3,192,129	3,521,157
Infrastructure - Electricity	679,791	1,707,593	2,575,364	2,994,174	2,896,122	2,896,122	3,158,488	3,403,071	3,758,092
Infrastructure - Water	525,650	–	–	171,495	111,357	111,357	401,390	680,423	949,733
Infrastructure - Sanitation	1,521,333	1,087,723	1,412,077	1,908,561	1,693,908	1,693,908	2,096,223	2,498,759	2,925,270
Infrastructure - Other	5,335,830	6,670,976	8,777,857	10,597,029	10,774,775	10,774,775	11,847,847	13,600,792	15,376,793
Community	768,131	851,302	1,126,867	1,348,761	1,284,604	1,284,604	1,424,801	1,611,821	1,810,338
Heritage assets	3,733	3,695	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Investment properties	306,474	10,571	8,027	318,446	136,199	136,199	233,708	344,539	451,563
Other assets	2,591,545	2,375,332	2,799,403	2,883,693	2,856,905	2,856,905	2,932,049	3,013,517	3,092,921
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	11,015	14,741	17,008	14,741	17,008	17,008	16,345	18,377	21,400
Intangibles	121,572	98,035	156,191	–	–	–	131,806	141,000	146,000
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	9,138,300	10,024,592	12,823,004	15,166,326	14,473,146	14,473,146	16,590,206	18,733,702	20,842,071
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	707,591	661,292	601,797	905,625	841,709	841,709	912,331	978,067	1,139,451
Repairs and Maintenance by Asset Class	727,352	894,629	1,125,506	1,609,287	1,545,030	1,545,030	1,690,116	1,809,430	1,935,894
Infrastructure - Road transport	75,369	85,998	94,167	280,430	270,453	270,453	279,802	293,901	310,312
Infrastructure - Electricity	153,325	205,508	321,375	416,058	380,028	380,028	463,723	499,139	537,308
Infrastructure - Water	118,167	136,920	140,150	177,096	174,450	174,450	186,483	199,935	214,264
Infrastructure - Sanitation	7,919	8,899	12,777	33,210	32,938	32,938	39,006	41,060	43,207
Infrastructure - Other	3,226	3,395	4,615	4,445	8,445	8,445	9,048	9,772	10,554
Infrastructure	358,006	440,720	573,085	911,239	866,373	866,373	978,062	1,043,808	1,175,645
Community	122,884	130,677	134,553	291,333	294,386	294,386	351,102	377,079	404,062
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	246,462	323,232	417,868	406,714	384,331	384,331	360,952	388,543	416,187
TOTAL EXPENDITURE OTHER ITEMS	1,434,943	1,555,920	1,727,303	2,514,912	2,386,739	2,386,739	2,602,448	2,787,497	3,075,346
% of capital exp on renewal of assets	90.1%	80.4%	65.4%	51.5%	55.8%	55.8%	46.5%	50.9%	54.3%
Renewal of Existing Assets as % of deprecn"	173.9%	213.7%	291.0%	197.7%	177.3%	177.3%	133.4%	163.7%	139.0%
R&M as a % of PPE	8.0%	8.9%	8.8%	10.6%	10.7%	10.7%	10.2%	9.7%	9.3%
Renewal and R&M as a % of PPE	21.0%	23.0%	22.0%	22.0%	21.0%	21.0%	18.0%	18.0%	17.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations due to the following:
 - The municipality has cash resources challenges.
 - There is a huge backlog of roads and electricity infrastructure that the municipality has prioritised for 2013/14 MTREF which requires a significant portion of available cash resources.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

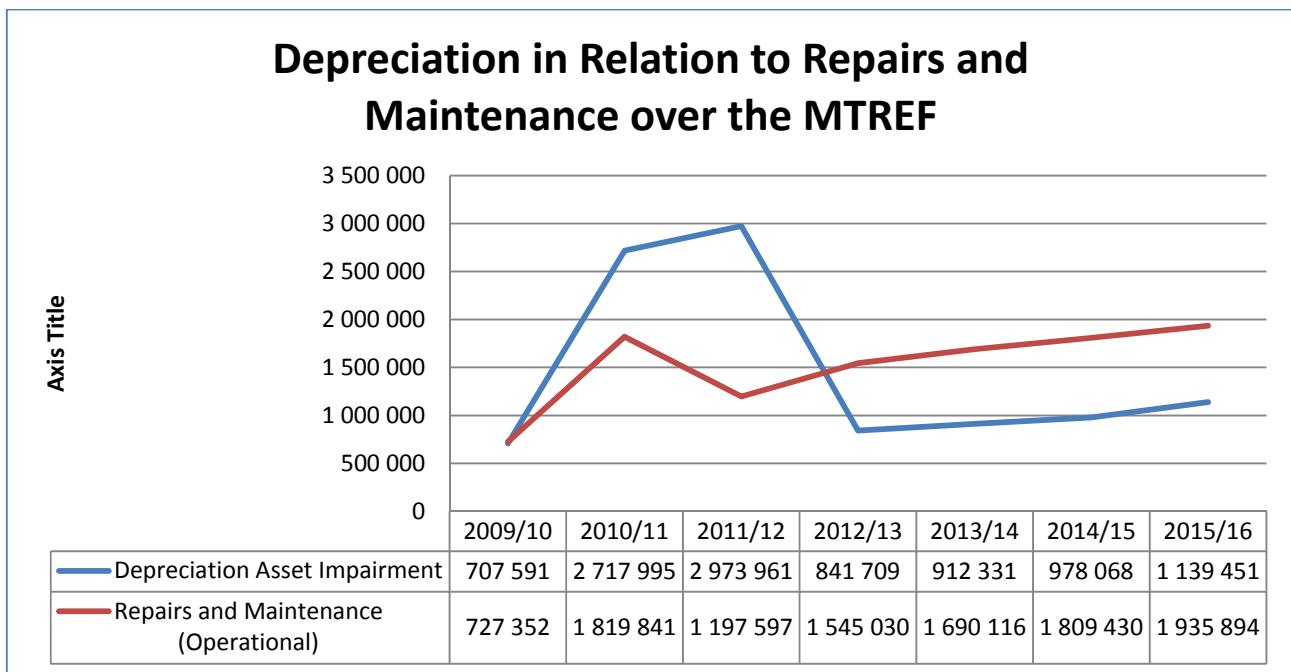


Figure 3 Depreciation in relation to repairs and maintenance over the MTREF

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)									
<i>Water:</i>									
Piped water inside dwelling	429	525	620	659	659	659	695	730	764
Piped water inside yard (but not in dwelling)	125	106	86	73	73	73	62	52	45
Using public tap (at least min.service level)	113	58	3	1	1	1	1	0	0
Other water supply (at least min.service level)	4	2	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	671	690	709	733	733	733	758	783	809
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	16	10	4	3	3	3	2	1	1
No water supply	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	16	10	4	3	3	3	2	1	1
Total number of households	687	700	713	736	736	736	760	784	810
<i>Sanitation/sewerage:</i>									
Flush toilet (connected to sewerage)	490	509	528	555	555	555	584	612	642
Flush toilet (with septic tank)	12	12	12	11	11	11	11	11	10
Chemical toilet	10	10	10	9	9	9	9	9	8
Pit toilet (ventilated)	139	134	130	126	126	126	122	118	115
Other toilet provisions (> min.service level)	21	21	22	23	23	23	23	24	25
<i>Minimum Service Level and Above sub-total</i>	672	686	701	725	725	725	749	774	800
Bucket toilet	5	5	4	4	4	4	3	3	2
Other toilet provisions (< min.service level)	—	—	—	—	—	—	—	—	—
No toilet provisions	10	9	8	8	8	8	7	7	7
<i>Below Minimum Service Level sub-total</i>	15	14	12	11	11	11	11	10	9
Total number of households	687	700	713	736	736	736	760	784	810
<i>Energy:</i>									
Electricity (at least min.service level)	483	503	523	535	535	535	549	561	579
Electricity - prepaid (min.service level)	126	132	138	149	149	149	162	175	190
<i>Minimum Service Level and Above sub-total</i>	609	635	661	685	685	685	710	737	769
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	78	65	53	51	51	51	49	47	41
<i>Below Minimum Service Level sub-total</i>	78	65	53	51	51	51	49	47	41
Total number of households	687	700	713	736	736	736	760	784	810
<i>Refuse:</i>									
Removed at least once a week	518	555	591	630	630	630	665	697	728
<i>Minimum Service Level and Above sub-total</i>	518	555	591	630	630	630	665	697	728
Removed less frequently than once a week	11	25	39	42	42	42	45	48	51
Using communal refuse dump	14	9	4	3	3	3	2	1	1
Using own refuse dump	100	79	58	46	46	46	36	28	23
Other rubbish disposal	4	2	1	0	0	0	0	0	0
No rubbish disposal	38	29	20	15	15	15	12	9	7
<i>Below Minimum Service Level sub-total</i>	168	145	122	106	106	106	95	87	81
Total number of households	687	700	713	736	736	736	760	784	810
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	671	690	709	733	733	733	758	783	809
Sanitation (free minimum level service)	42	47	53	90	90	90	90	95	105
Electricity/other energy (50kwh per household per month)	42	47	53	90	90	90	90	95	105
Refuse (removed at least once a week)	42	47	53	90	90	90	90	95	105
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	169,092	223,560	255,240	296,755	296,755	296,755	300,168	338,256	379,080
Sanitation (free sanitation service)	4,106	5,002	6,314	10,316	10,316	10,316	12,583	14,363	17,283
Electricity/other energy (50kwh per household per month)	18,560	23,466	29,251	64,590	64,590	64,590	78,580	95,470	121,558
Refuse (removed once a week)	10,060	12,411	16,072	31,710	31,710	31,710	34,570	39,403	47,471
Total cost of FBS provided (minimum social package)	201,819	264,440	306,877	403,370	403,370	403,370	425,901	487,493	565,392
Highest level of free service provided									
Property rates (R value threshold)	10,000	10,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	15	15	16	18	18	18	20	22	24
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	85	85	85	85	85	85	85	85	85
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	6,197	6,736	7,204	13,730	13,730	13,730	15,107	17,228	20,756
Property rates (other exemptions, reductions and rebates)	54,870	59,357	64,840	123,566	123,566	123,566	135,959	155,054	186,800
Water	197,552	258,662	294,699	371,929	371,929	371,929	382,881	432,604	492,747
Sanitation	7,998	8,508	10,317	19,686	19,686	19,686	21,845	24,936	30,006
Electricity/other energy	22,305	24,742	34,740	80,136	80,136	80,136	95,364	115,862	147,522
Refuse	10,494	11,223	14,545	28,697	28,697	28,697	31,285	35,659	42,960
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total revenue cost of free services provided (total social package)	299,414	369,228	426,345	637,743	637,743	637,743	682,441	781,343	920,790

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog will be reduced by 1,714 households in 2013/14. As indicated elsewhere, the emphasis in the electricity sector is on providing electricity infrastructure to the uPhongolo households. Once the most pressing electricity backlog has been addressed, the electricity distribution network will be prioritised.
 - b. Refuse services – This function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 20 000 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase to 105 000 households given the unfavourable economic conditions.
4. It is anticipated that these Free Basic Services will cost the municipality R425 million in 2013/14, increasing to R565 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R682 million in free services in 2013/14, and it increases to R920 million in 2015/16. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about **4 per cent** of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 7 December 2013. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **December 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** - Council considers the 2010/11 Mid-year Review and Adjustments Budget;
- **February 2013** - Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2011/12 MTREF is revised accordingly;
- **March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2013** - Public consultation;
- **May 2013** - Closing date for written comments;
- **May 2013** - finalisation of the 2013/14 IDP and 2013/14 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **27 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in May 2012. It started in September 2012 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in December 2012.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2013/14 MTREF as tabled before Council on 26 March 2013 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a

coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

2013/14 Financial Year	2012/13 MTREF
1. Promote sound governance, financial sustainability and optimal institutional transformation.	1. Promote sound governance, financial sustainability and optimal institutional transformation.
2. Provide integrated social services, sports and recreational facilities and ensure safety of the public.	2. Provide integrated social services, sports and recreational facilities and ensure safety of the public.
3. Ensure economic growth and development that leads to job creation.	3. Ensure economic growth and development that leads to job creation.
4. Provision of access to quality basic services to the community.	4. Provision of access to quality basic services to the community.
5. Ensure meaningful and structured participation by the community in the affairs of the municipality.	5. Ensure meaningful and structured participation by the community in the affairs of the municipality.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide water;
 - o Provide sanitation;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;
 - o Provide city planning services; and
 - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective city cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by

the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Promote sound governance, financial sustainability and optimal institutional transformation	Exercise oversight over the municipality, ensure transparency in the tendering process; review the use of contracted services; review the organisational structure to ensure optimal use of personnel	A		27 782	53 190	56 141	53 777	55 616	55 616	67 632	74 715	87 760	
Provide integrated social services, sports and recreational facilities and ensure safety of the public	To ensure safety of the community by working with local SAPS; provision of recreational amenities; housing and to contribute to the reduction of HIV and AIDS.	B		2 276	3 333	4 583	13 407	14 499	14 499	13 590	17 931	21 976	
Economic growth and development that leads to job creation	Poverty alleviation through utilisation of local labour and contractors in the implementation of municipal projects; marketing of uPhongolo as an investment and tourism destination	C		20 188	2 592	14 961	14 010	12 466	12 466	1 838	1 886	2 386	
Provision of access quality basic services to the community	Provision of electricity, safe roads, clean water and sanitation to the community and indigent	D		19 576	27 687	23 234	29 133	30 258	30 258	46 871	48 821	54 816	
Ensure meaningful and structured participation by the community in the affairs of the municipality	Effective participation by the public in the affairs of the municipality by utilising ward committees and CDWs	E		735	750	1 000	800	800	800	890	934	967	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	70 557	87 552	99 918	111 126	113 639	113 639	130 821	144 286	167 904

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10			2010/11			2011/12			Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16			
Promote sound governance, financial sustainability and optimal institutional transformation	Exercise oversight over the municipality, ensure transparency in the tendering process; review the use of contracted services; review the organisational structure to ensure optimal use of personnel	A		24 440	49 802	58 180	44 100	45 438	45 438	49 138	74 501	90 704						
Provide integrated social services, sports and recreational facilities and ensure safety of the public	To ensure safety of the community by working with local SAPS; provision of recreational amenities; housing and to contribute to the reduction of HIV and AIDS.	B		11 681	14 360	14 683	14 286	14 860	14 860	19 930	18 310	19 507						
Economic growth and development that leads to job creation	Poverty alleviation through utilisation of local labour and contractors in the implementation of municipal projects; marketing of uPhongolo as an investment and tourism destination	C		9 822	12 063	12 140	12 945	17 223	17 223	5 625	19 803	22 872						
Provision of access quality basic services to the community	Provision of electricity, safe roads, clean water and sanitation to the community and indigent	D		18 366	16 014	21 715	31 215	28 153	28 153	48 499	30 956	33 220						
Ensure meaningful and structured participation by the community in the affairs of the municipality	Effective participation by the public in the affairs of the municipality by utilising ward committees and CDWs	E		4 542	451	684	3 785	506	506	4 646	571	602						
Total Expenditure			1	68 850	92 691	107 403	106 332	106 180	106 180	127 838	144 140	166 904						

Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective R thousand	Goal	Goal Code	Ref	2009/10			2010/11			2011/12			Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16			
Promote sound governance, financial sustainability and optimal institutional transformation	Exercise oversight over the municipality, ensure transparency in the tendering process; review the use of contracted services; review the organisational structure to ensure optimal use of personnel	A		—	—	2 045	4 501	4 037	4 037	12 787	—	1 000						
Provide integrated social services, sports and recreational facilities and ensure safety of the public	To ensure safety of the community by working with local SAPS; provision of recreational amenities; housing and to contribute to the reduction of HIV and AIDS.	B		—	—	—	1 064	1 589	1 589	751	—	—						
Economic growth and development that leads to job creation	Poverty alleviation through utilisation of local labour and contractors in the implementation of municipal projects; marketing of uPhongolo as an investment and tourism destination	C		—	—	16 885	17 392	30 075	30 075	23 702	25 467	27 238						
Provision of access quality basic services to the community	Provision of electricity, safe roads, clean water and sanitation to the community and indigent	D		12 085	31 693	15 206	8 700	3 700	3 700	22 103	9 000	12 000						
Ensure meaningful and structured participation by the community in the affairs of the municipality	Effective participation by the public in the affairs of the municipality by utilising ward committees and CDWs	E	3	—	—	3 941	—	—	—	3 684	146	—						
Total Capital Expenditure			1	12 085	31 693	38 076	31 657	39 401	39 401	63 027	34 613	40 238						

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

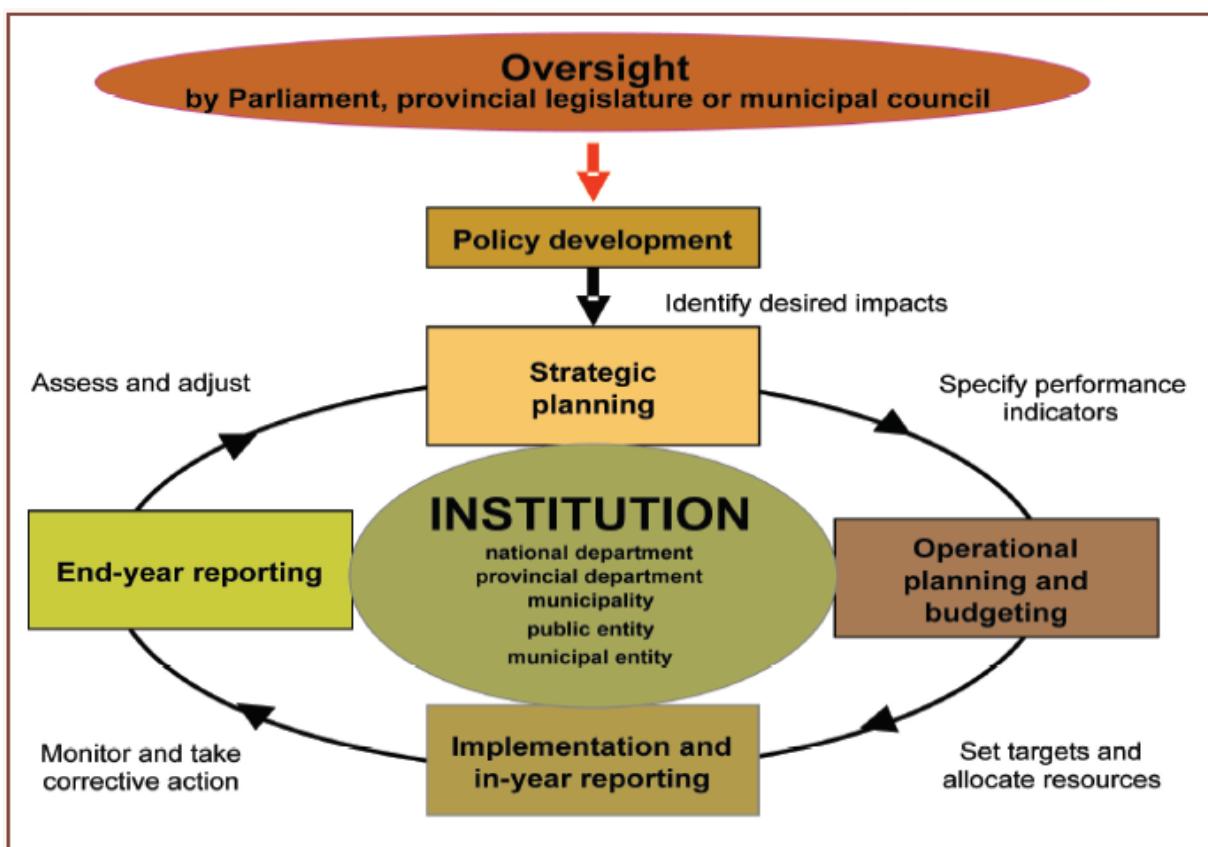


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

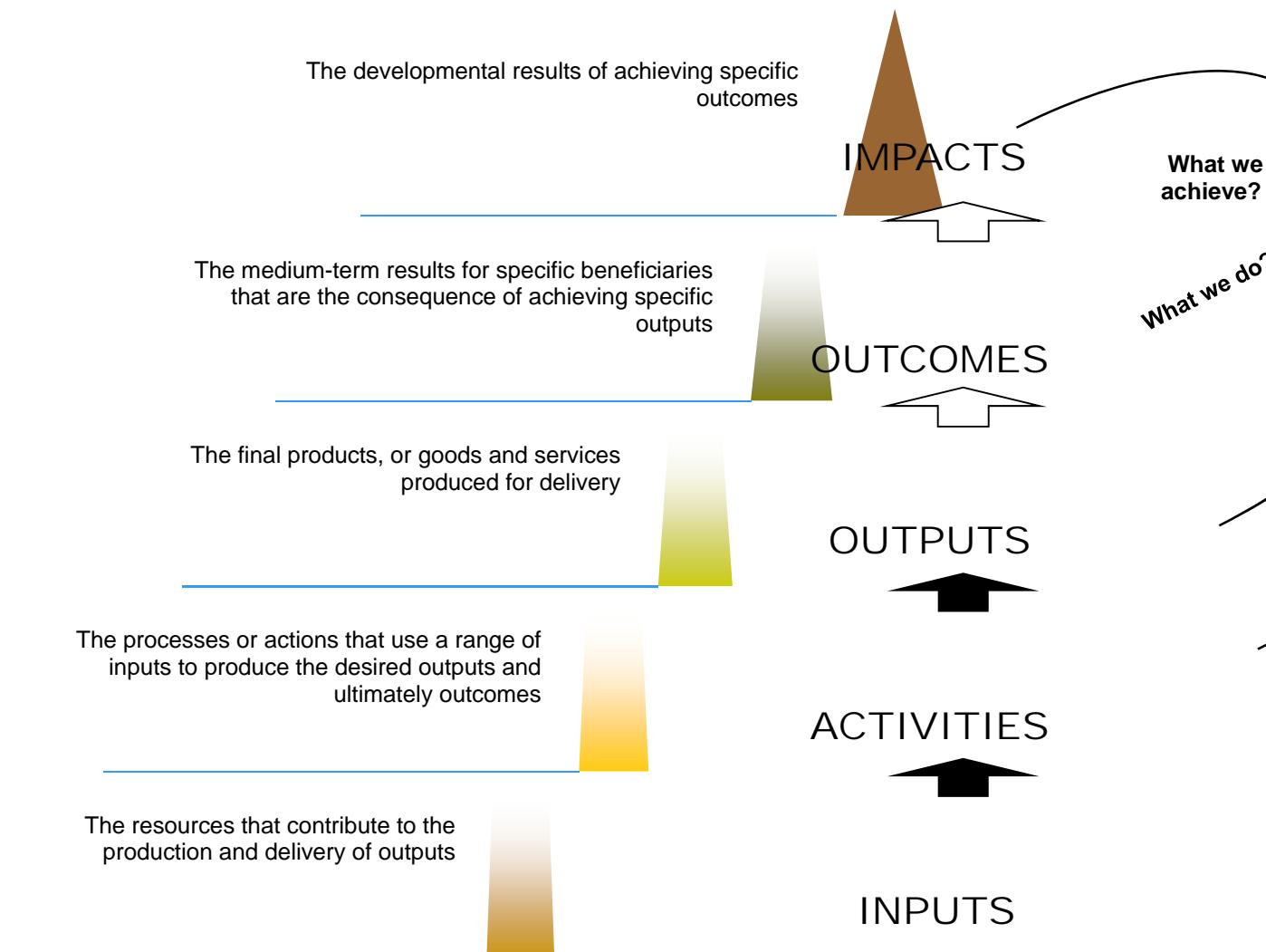


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 28 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Planning & Development:Technical Services										
Function: Roads										
Sub-function: Eradication of backlogs										
Reduce roads backlogs	Kilometer				1	1				
Function: Stormwater										
Sub-function: Eradication of backlogs										
Stormwater drainage to reduce backlogs	Kilometer				1	1				
Function: Roads										
Sub-function: Road maintenance										
Roads rehabilitated	Kilometer				965	965				
Function: Technical Services										
Sub-function: Eradication of backlogs										
New sub-rank for growth	Number				1	1				
Sub-function: Eradication of backlogs										
Construction of community halls	Number							1	3	2
Sub-function: Eradication of backlogs										
Construction of sportfields	Number							3	3	3
Sub-function: Eradication of backlogs										
Construction of creches	Number							3	1	4
Function: Local Economic Development										
Sub-function: Economic development										
Construction of flea market - phase 2	Number				1	1				
Construction of Imbube Cultural Centre	Number				1	1				
Function: Electricity Services										
Sub-function: Electricity Services										
Households provided with electricity	Households							1 714	750	922
Sub-function: Provide Public Lighting										
Installation of high mast in town	Ward				1	1				
Sub-function: Excess to alternative										
Households provided with alternative energy	Households				1 059	1 059				
Community & Public Safety										
Function: Sports and Recreation										
Sub-function: Provide Sports Facilities										
Provision of new sportsfield	Number									

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 29 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	2.5%	2.1%	-3.0%	13.0%	3.4%	3.4%	3.4%	2.9%	2.0%	1.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	5.5%	4.8%	-7.6%	30.3%	7.3%	7.3%	7.3%	6.4%	4.7%	2.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	-5.4%	253.2%	42.6%	42.6%	42.6%	85.5%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.9	1.3	0.9	1.8	1.7	1.7	1.7	1.6	2.3	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	1.3	0.9	1.8	1.7	1.7	1.7	1.6	2.3	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.4	0.5	0.2	0.8	0.8	0.8	0.6	0.9	0.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		81.3%	91.2%	99.8%	81.8%	91.6%	91.6%	91.6%	87.0%	86.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			81.3%	91.2%	91.9%	85.5%	91.6%	91.6%	91.6%	87.0%	86.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	44.5%	26.7%	7.4%	20.8%	10.1%	10.1%	10.1%	12.8%	16.0%	17.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		176.3%	89.1%	129.1%	66.6%	98.9%	98.9%	98.9%	126.4%	87.1%	101.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kL)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.1%	30.4%	29.4%	29.3%	28.8%	28.8%	28.8%	27.2%	26.2%	23.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.1%	35.3%	34.0%	34.6%	33.8%	33.8%	33.8%	32.4%	31.2%	28.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.6%	0.0%	0.0%	5.7%	8.3%	8.3%	8.3%	8.3%	9.9%	10.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.3%	3.6%	3.7%	5.2%	4.0%	4.0%	4.0%	3.8%	3.5%	3.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	5.4	(346.5)	2.9	11.8	11.8	11.8	12.5	18.0	24.2	25.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	117.7%	66.9%	21.4%	43.3%	28.4%	28.4%	28.4%	37.7%	48.7%	59.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.8	2.5	2.1	0.2	2.9	2.9	2.9	1.9	2.7	2.2

2.2.1 Performance indicators and benchmarks

2.2.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, uPhongolo Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 7.6 per cent to 4.6 per cent in 2015/16, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of borrowing cost in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily declined from 3.4 per cent in 2012/13 to 1.1 per cent in 2015/16. This decrease can be attributed to the non raising of loans to fund portions of the capital programme in the two outer years of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as excessive loans may have adverse financial leverage for the municipality.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 4.7 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality has raised a combination of annuity and instalment sale loans in the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2013. Debt service costs are expected to peak in 2013 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.2.1.2 *Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. From 2010/11 to 2015/16 the ratio is zero per cent which means that the borrowings in relation to own funds is insignificant.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2010/11 and 2011/12 the gearing ratio is zero per cent. This was primarily due to low borrowings in relation to own funds.

2.2.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.6 and 2.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 1.6 and as part of the financial planning strategy it has been increased to 2.3 in the outer two years of the MTREF. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be maintained at a minimum of 1.

2.2.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.2.1.5 *Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the

Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 *Other Indicators*

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. Similarly the total remuneration also shows a decreasing trend. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Repairs and maintenance as percentage of operating revenue is increasing owing directly to cost drivers such as the increasing written down values of assets (WDV). In terms of Treasury Circular 66 the budget for repairs and maintenance should at least be 8 per cent of the WDV.

2.2.2 **Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 20,000 registered indigents have been provided for in the budget with this figure increasing to 105 000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, and 80% waste removal as well as a rebate of R45,000 per property on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.2.3 **Providing clean water and managing waste water**

The Zululand District Municipality is responsible for the provision of clean water and waste water in the entire municipality.

The following is briefly the main challenges facing the Zululand District Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;

- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- A water services plan has been developed and reviewed annually.
- Pipelines are being constructed in the areas where they are required.
- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.2.4 Review of credit control and debt collection procedures/policies

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 83 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.2.5 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.2.6 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.2.7 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in July 2006 and is being reviewed to take into account the new regulations. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.2.8 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in March 2013 in respect of both Operating and Capital Budget Fund Transfers.

2.2.9 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in March 2013. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.2.10 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Budget Policy; and
- Indigent Policy.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and

- The increase in the cost of remuneration. Employee related costs comprise 27.2 per cent of total operating expenditure in the 2013/14 MTREF. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (83 per cent) of annual billings. Cash flow is assumed to be 83 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 5.54 per cent.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 30 Breakdown of the operating revenue over the medium-term

Summary Statement of Financial Performance – 2013/14 MTREF						
Description	Budget Year 2013/14	%	Budget Year 2014/15	%	Budget Year 2015/16	%
Property rates	13,387,153	10	14,584,745	10	15,367,819	9
Service charges	29,707,835	23	31,938,419	22	34,339,564	20
Interest from investments	1,314,190	1	1,385,156	1	1,459,955	2
Transfers recognised - operational	72,388,250	55	83,328,350	58	102,622,600	61
Other	14,023,880	11	13,049,695	9	14,114,377	8
Total Operating Revenue (excluding capital transfers and contributions)	130,821,308	100	144,286,365	100	167,904,315	100
Total Operating Expenditure	127,837,808		144,140,365		166,904,315	
Surplus/(Deficit)	2,983,500		146,000		1,000,000	

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

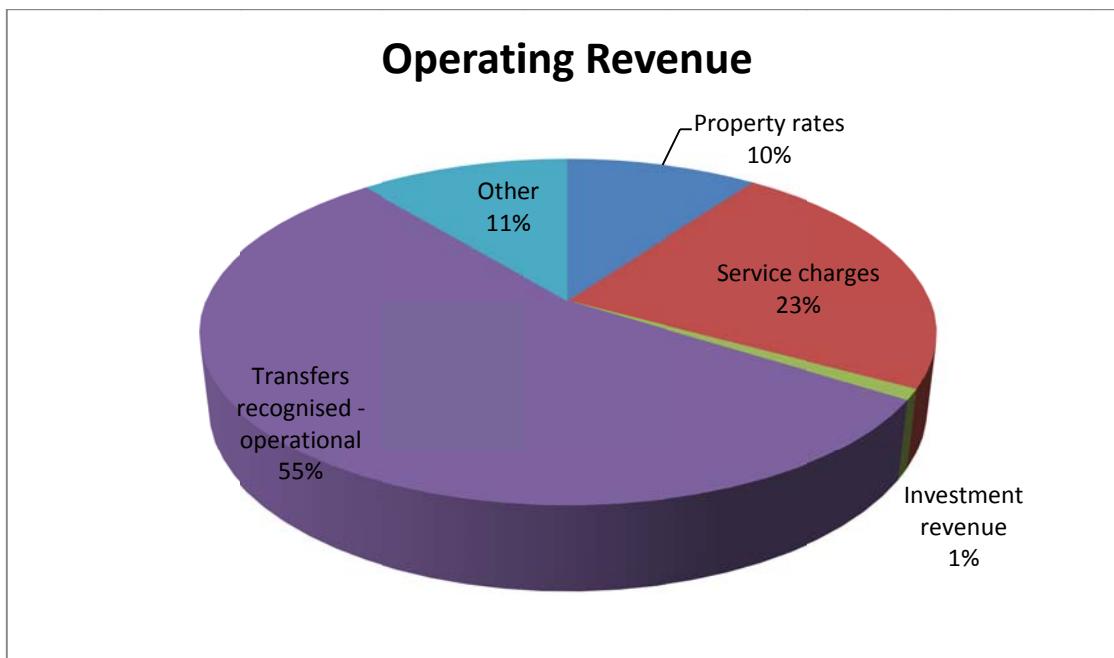


Figure 6 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 83 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Revenue to be generated from property rates is R13,8 million in the 2013/14 financial year and increases to R15,4 million by 2015/16 which represents 10.6 per cent of the operating revenue base of the Municipality. It increases over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 4th quarter of the 2012/13 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R29,7 million for the 2013/14 financial year and increasing to R34,3 million by 2015/16. For the 2012/13 financial year services charges amount to 24,3 per cent of the total revenue base and grows by 4.1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R72,4 million, R82,3 million and R102,6 million for each of the respective financial years of the MTREF, or 55 and 57,46, 61,1 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 13.7 and 24.6 per cent for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,3 million, R1,4 million and R1,5 million for the respective three financial years of the 2013/14 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 31 MBRR SA15 – Detail Investment Information

Investment type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		1 777	12 207	8 734	150	19 497	19 497	14 904	23 019	21 474
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Consolidated total:		1 777	12 207	8 734	150	19 497	19 497	14 904	23 019	21 474

Table 32 MBRR SA16 – Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment	Type of Investment	Interest Rate 3.	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months					
First National Bank		0	Call Deposits	6-8%	On Call	11 178	939
Standard Bank		0	Money Market	5-6%	On Call	3 726	374
TOTAL INVESTMENTS AND INTEREST	1					14 904	1 313

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of

R2,9 million, and R1 million in each of the financial years except in 2014/15 where there is a deficit of R854,000. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 33 Sources of capital revenue over the MTREF

Description	2013/14 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget 2013/14	%	Budget Year 2013/14	%	Budget Year 2014/15	%	Budget Year 2015/16	%
Funded by:								
National Government	31,657		42,501		34,467		39,238	
Provincial Government	-		-		-		-	
Transfers recognised – capital	32,596	83	42,501	67	34,467	100	39,238	96
Borrowings	2,900	7	17,543	28	-	-	-	
Internally generated funds	3,905	10	2,984	5	146	-	1,000	4
Total Capital Funding	39,401	100	63,027	100	34,613	100	40,238	100

The above table is graphically represented as follows for the 2013/14 MTREF.

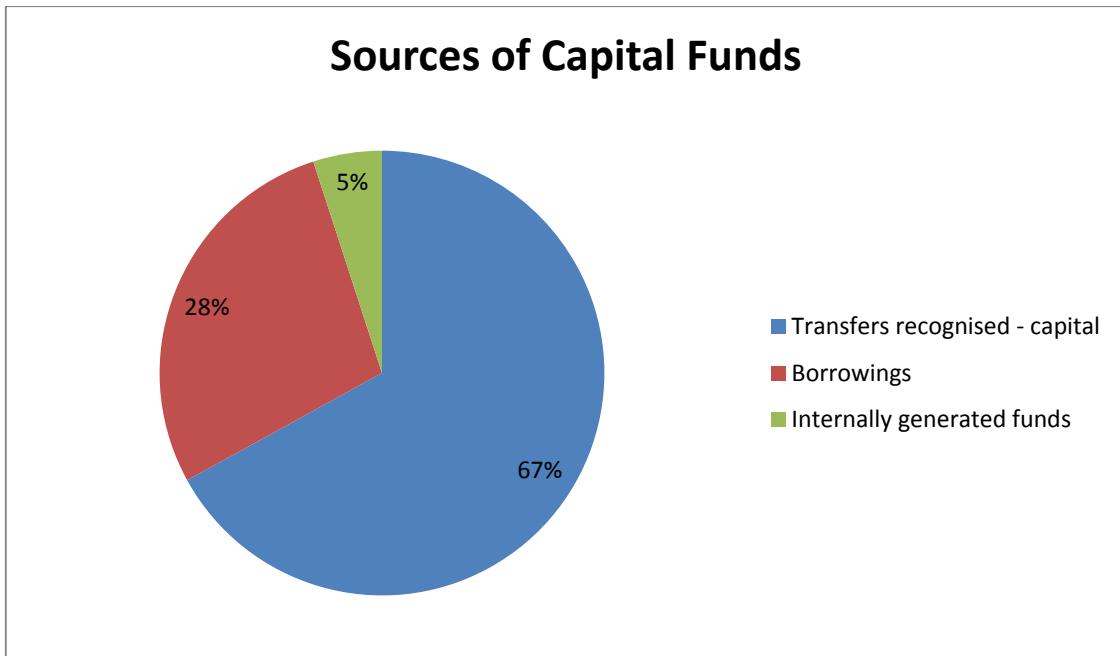


Figure 7 Sources of capital revenue for the 2011/12 financial year

Capital grants and receipts equates to 40 per cent of the total funding source which represents R1 billion for the 2013/14 financial year and steadily increase to R1.2 billion or 41 per cent by 2015/16. Growth relating to grant receipts is 8.3, 7.1 and 7.7 per cent over the medium-term.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R1 billion to be raised for each of the respective financial years totalling 38, 32 and 34 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 34 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)		3 467	3 213	2 430	6 105	5 222	5 222	11 069	12 000	11 416
Long-Term Loans (non-annuity)										
Local registered stock		–	–	2 576	989	989	989	6 602	4 039	2 342
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Total Borrowing	1	3 467	3 213	5 006	7 094	6 210	6 210	17 671	16 039	13 758

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		–	–	–						
Long-Term Loans (non-annuity)		–	–	–						
Local registered stock		–	–	–						
Instalment Credit		–	–	–						
Financial Leases		–	–	–						
PPP liabilities		–	–	–						
Finance Granted By Cap Equipment Supplier		–	–	–						
Marketable Bonds		–	–	–						
Non-Marketable Bonds		–	–	–						
Bankers Acceptances		–	–	–						
Financial derivatives		–	–	–						
Other Securities		–	–	–						
Total Unspent Borrowing	1	–								

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R2,9 million in 2013/14, and R1 million in 2015/16. **In 2013/14 this funding source reduces back to levels of 22 per cent. The main contributing factor to the escalation of 11 per cent in year 2 is owing to the fact that various projects reach maturity and cash outflow (spending) is expected to increase significantly.**

Table 35 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
<u>Capital Transfers and Grants</u>									
National Government:	12 563	22 963	25 793	19 352	20 371	20 371	43 685	35 807	40 672
Municipal Infrastructure Grant (MIG)	12 563	13 963	16 793	19 352	20 371	20 371	23 685	26 807	28 672
Integrated Electrification- DME	-	9 000	9 000	-	-	-	20 000	9 000	12 000
Provincial Government:	-	-	3 600	-	12 225	12 225	-	-	-
Sports Facility	-	-	-	-	525	525	-	-	-
Small Town Rehabilitation & sports facility	-	-	-	-	11 700	11 700	-	-	-
Cogta	-	-	3 600	-	-	-	-	-	-
Total Capital Transfers and Grants	12 563	22 963	29 393	19 352	32 596	32 596	43 685	35 807	40 672

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 36 MBRR Table A7 - Budget cash flow statement

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		24 533	33 570	37 882	38 039	44 263	44 263	44 263	49 716	51 664	55 372
Government - operating	1	39 734	47 433	57 611	63 399	64 051	64 051	64 051	72 388	83 328	102 623
Government - capital	1	16 362	8 072	24 613	19 352	32 596	32 596	32 596	42 501	34 467	39 238
Interest		647	4 140	3 866	3 007	1 244	1 244	1 244	1 314	1 385	1 460
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(72 175)	(63 497)	(91 209)	(95 650)	(98 732)	(98 732)	(98 732)	(121 269)	(125 236)	(158 086)
Finance charges		(399)	(399)	(752)	(1 833)	(951)	(951)	(951)	(1 113)	(1 014)	(854)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		8 701	29 318	32 012	26 315	42 472	42 472	42 472	43 538	44 594	39 752
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(10 960)	846	1 350	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	3 263	(1 664)	–	–	–	–	–	–
Decrease (Increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		1 950	–	–	–	–	–	–	–	–	–
Payments											
Capital assets	1	(18 532)	(39 409)	(24 658)	(39 401)	(39 401)	(39 401)	(39 401)	(63 027)	(34 613)	(40 238)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 009)	(17 686)	(34 797)	(26 323)	(39 401)	(39 401)	(39 401)	(63 027)	(34 613)	(40 238)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	8 000	–	–	–	–	–	–
Borrowing long term/refinancing		(710)	–	(729)	2 900	2 900	2 900	2 900	17 543	–	–
Increase (decrease) in consumer deposits		1 815	1 815	299	39	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
		(832)	(1 542)	3 982	(11 759)	(2 646)	(2 646)	(2 646)	(2 646)	(1 866)	(1 059)
NET CASH FROM/(USED) FINANCING ACTIVITIES		273	273	3 551	(820)	254	254	254	14 897	(1 866)	(1 059)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	(34)	11 904	767	(827)	3 325	3 325	3 325	(4 593)	8 115	(1 545)
Cash/cash equivalents at the year end:	2	3 504	3 504	15 409	2 179	16 175	16 175	16 175	19 500	14 907	23 022
		15 409	16 175	1 352	19 500	19 500	19 500	19 500	14 907	23 022	21 477

The above table shows that cash and cash equivalents of the Municipality were largely depleted 2009/10 and increased from 2010/11 to 2015/16. From 2010/11 the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R21,4 million by 2015/16.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18

of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	3 504	15 409	16 175	1 352	19 500	19 500	19 500	14 907	23 022	21 477
Other current investments > 90 days		–	–	–	558	0	0	0	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<u>Cash and investments available:</u>		3 504	15 409	16 175	1 910	19 500	19 500	19 500	14 907	23 022	21 477
<u>Application of cash and investments</u>											
Unspent conditional transfers		7 473	14 784	7 472	–	1 840	1 840	1 840	1 840	1 840	1 840
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(19 339)	(7 621)	14 091	(12 793)	8 794	8 794	8 794	4 258	19	(4 209)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<u>Total Application of cash and investments:</u>		(11 866)	7 162	21 563	(12 793)	10 634	10 634	10 634	6 098	1 859	(2 368)
<u>Surplus(shortfall)</u>		15 370	8 246	(5 388)	14 703	8 866	8 866	8 866	8 809	21 163	23 845

From the above table it can be seen that the cash and investments available total R19,5 million in the 2012/13 financial year and progressively increase to R21,54 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. The unspent amount represents conditional grants which were allocated by Provincial Treasury in previous years. These grants are not cash backed, and it assumed that they were spent but the expenditure was incorrectly accounted for. Investigations are under way to obtain all supporting documentation in order to validate the liability. For the 2013/14 MTREF no provision has been made for this liability as the total conditional grants allocated have been factored into the 2013/14 MTREF capital programme of the Municipality.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet current obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2009/10 and 2010/11 resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- The provision for the landfill site rehabilitation is not cash backed. In future a need for a cash backed reserve will have to be created.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively improved over the 2013 MTREF. It should be noted that from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible considering the funding requirements of section 18 and 19 of the MFMA. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

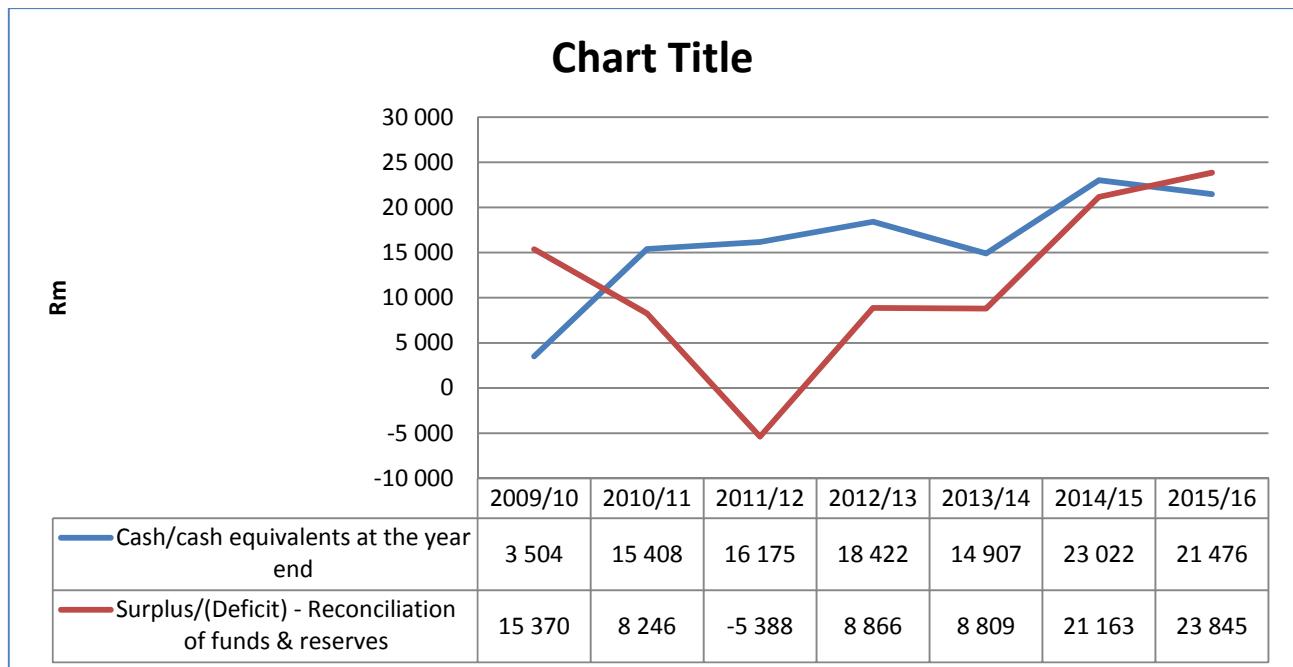


Figure 8 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 38 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	3 504	15 409	16 175	1 352	19 500	19 500	19 500	14 907	23 022	21 377
Cash + investments at the yr end less applications - R'000	18(1)b	2	15 370	8 246	(5 388)	14 703	8 866	8 866	8 866	8 809	21 163	22 845
Cash year end/monthly employee/supplier payments	18(1)b	3	0.8	2.5	2.1	0.2	2.9	2.9	2.9	1.9	2.7	2.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	13 025	2 934	17 128	4 794	40 055	40 055	40 055	45 484	33 613	40 238
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	20.2%	9.1%	7.1%	(3.7%)	(6.0%)	(6.0%)	4.0%	0.8%	0.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	81.3%	91.2%	91.9%	85.5%	91.6%	91.6%	91.6%	87.0%	86.7%	86.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	(7.8%)	58.3%	70.9%	15.2%	3.2%	3.2%	3.2%	3.1%	3.0%	3.0%
Capital payments % of capital expenditure	18(1)c;19	8	(0.0%)	58.5%	103.5%	77.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(92.6%)	0.0%	(5.4%)	67.4%	42.6%	42.6%	42.6%	85.5%	0.0%	0.0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(28.3%)	(63.3%)	131.4%	(32.9%)	0.0%	0.0%	46.2%	37.7%	29.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	8.3%	5.2%	4.6%	8.6%	6.8%	6.8%	7.8%	5.5%	6.2%	6.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	0.0%	2.5%

2.6.5.1 *Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R14 million, R23 million and R21 million for each respective financial year.

2.6.5.2 *Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 *Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been fluctuating significantly for the period 2009/10 to 2011/12, moving from 0.8 per cent to 2.1 per cent and 2.2 per cent by 2015/16. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 *Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources

consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R45.4 million, R34.0 million and R40.2 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 *Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 4.0, 0.89 and 0.89 per cent for the respective financial year of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5.6 per cent, with the increase in electricity at 8 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 *Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 80.0, 80.7 and 80.8 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 83 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 *Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.1, 3.0 and 3.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 *Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that no timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to meet the commitments in the relevant accounting period.

2.6.5.9 *Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 85.5 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality [can be found on 66](#).

2.6.5.10 *Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 *Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.5.12 *Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.6.5.13 *Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants		37 669	45 824	55 112	64 079	63 060	63 060	69 929	79 858	100 009
National Government:										
Local Government Equitable Share		35 934	43 874	52 612	59 760	59 760	59 760	66 389	77 124	97 092
Finance Management		1 000	1 200	1 500	1 500	1 500	1 500	1 650	1 800	1 950
Municipal Systems Improvement		735	750	1 000	800	800	800	890	934	967
5% portion of MIG for operations		–	–	–	1 019	–	–	–	–	–
Expanded Public Works Programme Integrated		–	–	–	1 000	1 000	1 000	1 000	–	–
Provincial Government:										
Community Library Services		–	–	–	101	119	119	139	146	153
Provincialisation of Libraries		–	–	402	422	422	422	886	934	977
Property Rates/ Valuation Roll		–	–	–	746	–	–	–	–	–
Thusong Centre		–	–	–	–	400	400	–	–	–
IDP - Public Participation		–	–	–	–	–	–	200	–	–
District Municipality:										
ZDM Subsidy		50	50	50	50	50	50	50	50	50
Other grant providers:								–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants		37 719	45 874	55 564	65 398	64 051	64 051	71 204	80 988	101 189
Capital expenditure of Transfers and Grants										
National Government:										
Municipal Infrastructure Grant (MIG)		12 563	22 963	25 793	19 352	20 371	20 371	43 685	35 807	40 672
Integrated Electrification- DME		12 563	13 963	16 793	19 352	20 371	20 371	23 685	26 807	28 672
Provincial Government:										
Sports Facility		–	–	–	–	525	525	–	–	–
Small Town Rehabilitation & sports facility		–	–	–	–	11 700	11 700	–	–	–
District Municipality:										
ZDM Subsidy		–	–	–	–	–	–	–	–	–
Other grant providers:										
Cogta		–	–	3 600	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		12 563	22 963	29 393	19 352	32 071	32 071	43 685	35 807	40 672
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		50 282	68 837	84 957	84 750	96 122	96 122	114 889	116 795	141 861

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		37 669	45 824	55 112	64 079	63 060	63 060	69 929	79 858	100 009
Conditions met - transferred to revenue		37 669	45 824	55 112	64 079	63 060	63 060	69 929	79 858	100 009
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	1 840	1 840	1 840	1 840	1 840	1 840
Current year receipts		–	–	402	1 269	941	941	1 225	1 080	1 130
Conditions met - transferred to revenue		–	–	402	1 269	941	941	1 225	1 080	1 130
Conditions still to be met - transferred to liabilities					1 840	1 840	1 840	1 840	1 840	1 840
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		50	50	50	50	50	50	50	50	50
Conditions met - transferred to revenue		50	50	50	50	50	50	50	50	50
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		37 719	45 874	55 564	65 398	64 051	64 051	71 204	80 988	101 189
Total operating transfers and grants - CTBM	2	–	–	–	1 840	1 840	1 840	1 840	1 840	1 840
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		12 563	22 963	25 793	19 352	20 371	20 371	43 685	35 807	40 672
Conditions met - transferred to revenue		12 563	22 963	25 793	19 352	20 371	20 371	43 685	35 807	40 672
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	12 225	12 225	–	–	–
Conditions met - transferred to revenue		–	–	–	–	12 225	12 225	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		–	–	3 600	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	3 600	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		12 563	22 963	29 393	19 352	32 596	32 596	43 685	35 807	40 672
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		50 282	68 837	84 957	84 750	96 647	96 647	114 889	116 795	141 861
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	1 840	1 840	1 840	1 840	1 840	1 840

2.8 Councillor and employee benefits

Table 41 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Budget Year		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	3 052	2 672	4 250	4 115	4 115	4 115	4 812	5 120	5 397
Pension and UIF Contributions	–	–	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	955	1 229	1 293	317	317	317	1 604	1 707	1 799
Cellphone Allowance	236	319	299	1 372	1 372	1 372	464	464	520
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–	–	–	–	–
Sub Total - Councillors	4 243	4 220	5 842	5 804	5 804	5 804	6 880	7 291	7 716
% increase		(0.5%)	38.4%	(0.6%)	–	–	18.5%	6.0%	5.8%
Senior Managers of the Municipality									
Basic Salaries and Wages	1 194	1 770	1 180	2 265	2 265	2 265	4 639	4 936	5 203
Pension and UIF Contributions	–	8	22	8	8	8	–	–	–
Medical Aid Contributions	–	37	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	231	–	94	94	94	526	437	461
Motor Vehicle Allowance	453	440	345	481	481	481	408	556	586
Cellphone Allowance	49	40	29	50	50	50	54	57	60
Housing Allowances	–	160	–	176	176	176	188	200	211
Other benefits and allowances	365	378	270	67	67	67	71	76	80
Payments in lieu of leave	–	–	130	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	2 062	3 064	1 976	3 141	3 141	3 141	5 886	6 262	6 601
Other benefits and allowances		48.6%	(35.5%)	59.0%	–	–	87.4%	6.4%	5.4%
Other Municipal Staff									
Basic Salaries and Wages	13 808	15 648	18 512	21 081	21 081	21 081	21 264	22 625	23 847
Pension and UIF Contributions	524	1 848	1 879	2 173	2 173	2 173	2 340	2 490	2 624
Medical Aid Contributions	502	707	986	1 000	1 000	1 000	1 069	1 137	1 198
Overtime	1 334	1 856	2 387	2 159	2 159	2 159	1 720	1 795	1 892
Performance Bonus	699	1 120	1 167	–	–	–	1 840	1 958	2 063
Motor Vehicle Allowance	438	550	826	1 027	1 027	1 027	1 097	1 167	1 230
Cellphone Allowance	10	–	–	46	46	46	49	52	55
Housing Allowances	72	27	25	38	38	38	41	43	45
Other benefits and allowances	1 786	173	197	1 944	1 944	1 944	251	267	282
Payments in lieu of leave	–	533	233	–	–	–	–	–	–
Long service awards	–	1 125	(72)	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff	19 173	23 586	26 140	29 467	29 467	29 467	29 670	31 534	33 237
Other benefits and allowances		23.0%	10.8%	12.7%	–	(0.0%)	0.7%	6.3%	5.4%
Total Parent Municipality	25 477	30 870	33 958	38 413	38 413	38 413	42 436	45 088	47 554
		21.2%	10.0%	13.1%	–	(0.0%)	10.5%	6.2%	5.5%

Table 42 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		353 008	–	117 669			470 677
Chief Whip			–	–				–
Executive Mayor			252 407	–	84 135			336 542
Deputy Executive Mayor			201 926	–	67 308			269 234
Executive Committee			–	–	–			–
Total for all other councillors			3 308 045	–	1 335 014			4 643 059
Total Councillors	8	–	4 115 385	–	1 604 126			5 719 511
Senior Managers of the Municipality	5							
Municipal Manager (MM)			763 200		136 800	90 000		990 000
Chief Finance Officer			729 280		130 720	86 000		946 000
Corporate Services Manager			661 440		118 560	78 000		858 000
Technical Services Manager			661 440		118 560	78 000		858 000
Community Services Manager			661 440		118 560	79 000		859 000
<i>List of each official with packages >= senior manager</i>								–
Budget Manager			387 558	–	32 512	38 188		458 258
SCM Manager			387 558	–	32 512	38 188		458 258
Income & Expenditure Manager			387 557	–	32 513	38 189		458 259
Total Senior Managers of the Municipality	8,10	–	4 639 473	–	720 737	525 565		5 885 775

Table 43 MBRR SA24 - Summary of personnel numbers

2.9 Monthly targets for revenue, expenditure and cash flow

Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand																	
Revenue By Source																	
Property rates		–	–	1 384	1 384	1 384	1 384	1 384	1 384	1 384	1 384	1 384	1 384	13 837	14 585	15 368	
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Service charges - electricity revenue	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	24 091	26 018	28 100	
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Service charges - refuse revenue	468	468	468	468	468	468	468	468	468	468	468	468	468	5 617	5 920	6 240	
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Rental of facilities and equipment	72	72	72	72	72	72	72	72	72	72	72	72	72	869	916	965	
Interest earned - external investments	110	110	110	110	110	110	110	110	110	110	110	110	110	1 314	1 385	1 460	
Interest earned - outstanding debtors	281	281	281	281	281	281	281	281	281	281	281	281	281	3 370	3 552	3 743	
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Fines	31	31	31	31	31	31	31	31	31	31	31	31	31	374	395	416	
Licences and permits	193	193	193	193	193	193	193	193	193	193	193	193	193	2 315	2 440	2 572	
Agency services	57	57	57	57	57	57	57	57	57	57	57	57	57	680	716	755	
Transfers recognised - operational	34 412	–	–	–	20 994	–	–	–	–	16 982	–	–	–	72 388	83 328	102 623	
Other revenue	497	497	497	497	497	497	497	497	497	497	497	497	496	5 967	5 032	5 664	
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total Revenue (excluding capital transfers and contributions)	38 128	3 716	5 100	5 100	26 094	5 100	5 100	5 100	5 100	22 082	5 100	5 100	5 099	130 821	144 286	167 904	
Expenditure By Type																	
Employee related costs	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	2 356	35 555	37 796	39 837	
Remuneration of councillors	573	573	573	573	573	573	573	573	573	573	573	573	573	6 880	7 321	7 716	
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	–	–	1 369	1 369	1 521	
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–	–	–	–	3 823	3 823	4 029	
Finance charges	93	93	93	93	93	93	93	93	93	93	93	93	93	93	1 113	1 014	854
Bulk purchases	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	21 120	22 810	24 635	
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Contracted services	834	834	834	834	834	834	834	834	834	834	834	834	834	10 010	10 551	11 121	
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Other expenditure	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	3 646	7 857	47 967	59 175	76 973	
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total Expenditure	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	9 925	18 665	127 838	144 140	166 904	
Surplus/(Deficit)	28 204	(6 208)	(4 825)	(4 825)	16 169	(4 825)	(4 825)	(4 825)	(4 825)	12 158	(4 825)	(4 825)	(13 566)	2 984	146	1 000	
Transfers recognised - capital	7 335		10 000		7 875			10 000	7 291					–	42 501	34 467	39 238
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Surplus/(Deficit) after capital transfers & contributions	35 539	(6 208)	5 175	(4 825)	24 044	(4 825)	(4 825)	5 175	19 448	(4 825)	(4 825)	(13 566)	45 484	34 613	40 238		
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Surplus/(Deficit)	1	35 539	(6 208)	5 175	(4 825)	24 044	(4 825)	(4 825)	5 175	19 448	(4 825)	(4 825)	(13 566)	45 484	34 613	40 238	

Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand																	
Revenue by Vote																	
Vote 1 - 10 EXECUTIVE COUNCIL		1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	15 675	18 414	22 120	
Vote 2 - 15 BUDGET & TREASURY OFFICE		3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	39 330	41 681	46 959	
Vote 3 - 20 CORPORATE SERVICES		1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	13 517	15 554	19 648	
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		301	301	301	301	301	301	301	301	301	301	301	301	3 616	3 929	4 427	
Vote 5 - 30 SPORTS & RECREATION		188	188	188	188	188	188	188	188	188	188	188	188	2 251	2 592	3 278	
Vote 6 - 35 PUBLIC SAFETY		644	644	644	644	644	644	644	644	644	644	644	644	7 724	8 822	10 989	
Vote 7 - 50 PLANNING & DEVELOPMENT		2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	28 883	32 569	35 981	
Vote 8 - 55 ROADS TRANSPORT		625	625	625	625	625	625	625	625	625	625	625	625	7 495	8 429	10 201	
Vote 9 - 60 ENVIRONMENTAL PROTECTION		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 10 - 85 OTHER		150	150	150	150	150	150	150	150	150	150	150	150	1 802	2 076	2 629	
Vote 11 - 40 HOUSING		37	37	37	37	37	37	37	37	37	37	37	37	444	513	654	
Vote 12 - 65 ELECTRICITY		3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	46 426	37 682	43 413	
Vote 13 - 70 WATER		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 14 - 75 WASTE WATER MANAGEMENT		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 15 - 80 WASTE MANAGEMENT		513	513	513	513	513	513	513	513	513	513	513	513	6 160	6 493	6 844	
Total Revenue by Vote		14 444	14 444	14 444	14 444	14 444	14 444	14 444	14 444	14 444	14 444	14 444	14 444	173 322	178 753	207 143	
Expenditure by Vote to be appropriated																	
Vote 1 - 10 EXECUTIVE COUNCIL		1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 540	22 118	29 475	43 100
Vote 2 - 15 BUDGET & TREASURY OFFICE		1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 823	21 965	22 790	23 806
Vote 3 - 20 CORPORATE SERVICES		1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 599	16 724	17 682	18 636
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		447	447	447	447	447	447	447	447	447	447	447	447	176	5 096	5 413	5 705
Vote 5 - 30 SPORTS & RECREATION		211	211	211	211	211	211	211	211	211	211	211	211	211	2 531	2 668	2 812
Vote 6 - 35 PUBLIC SAFETY		772	772	772	772	772	772	772	772	772	772	772	772	(146)	8 348	9 499	10 220
Vote 7 - 50 PLANNING & DEVELOPMENT		610	610	610	610	610	610	610	610	610	610	610	610	1 038	7 753	8 210	8 653
Vote 8 - 55 ROADS TRANSPORT		686	686	686	686	686	686	686	686	686	686	686	686	3 992	11 542	14 204	16 971
Vote 9 - 60 ENVIRONMENTAL PROTECTION		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 10 - 85 OTHER		118	118	118	118	118	118	118	118	118	118	118	118	117	1 410	1 489	1 570
Vote 11 - 40 HOUSING		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 12 - 65 ELECTRICITY		1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	3 455	24 943	27 013	29 425
Vote 13 - 70 WATER		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 14 - 75 WASTE WATER MANAGEMENT		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Vote 15 - 80 WASTE MANAGEMENT		451	451	451	451	451	451	451	451	451	451	451	451	451	5 406	5 698	6 006
Total Expenditure by Vote		10 326	10 326	10 326	10 326	10 326	10 326	10 326	10 326	10 326	10 326	10 326	10 326	14 257	127 838	144 140	166 904
Surplus/(Deficit) before assoc.		4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	187	45 484	34 613	40 238
Taxation														—	—	—	
Attributable to minorities														—	—	—	
Share of surplus/ (deficit) of associate														—	—	—	
Surplus/(Deficit)	1	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	4 118	187	45 484	34 613	40 238

Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Revenue - Standard																	
<i>Governance and administration</i>		5 710	5 710	5 710	5 710	5 710	5 710	5 710	5 710	5 710	5 710	5 710	5 710	68 522	75 649	88 727	
Executive and council		1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	1 306	15 675	18 414	22 120	
Budget and treasury office		3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	39 330	41 681	46 959	
Corporate services		1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	13 517	15 554	19 648	
<i>Community and public safety</i>		1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 034	15 855	19 348	
Community and social services		301	301	301	301	301	301	301	301	301	301	301	301	3 616	3 929	4 427	
Sport and recreation		188	188	188	188	188	188	188	188	188	188	188	188	2 251	2 592	3 278	
Public safety		644	644	644	644	644	644	644	644	644	644	644	644	7 724	8 822	10 989	
Housing		37	37	37	37	37	37	37	37	37	37	37	37	444	513	654	
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<i>Economic and environmental services</i>		3 137	3 137	3 137	3 137	3 137	3 137	3 137	3 137	3 137	3 137	3 137	3 137	37 643	42 460	48 045	
Planning and development		2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	2 407	1 142	27 618	31 107	34 119
Road transport		730	730	730	730	730	730	730	730	730	730	730	730	1 995	10 025	11 353	13 925
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<i>Trading services</i>		4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	4 382	52 586	44 175	50 257	
Electricity		3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	46 426	37 682	43 413	
Water		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Waste management		513	513	513	513	513	513	513	513	513	513	513	513	6 160	6 493	6 844	
Other		—	—	—	—	—	—	—	—	—	—	—	—	537	614	767	
Total Revenue - Standard		14 399	14 399	14 399	14 399	14 399	14 399	14 399	14 399	14 399	14 399	14 399	14 399	14 936	173 322	178 753	207 143
Expenditure - Standard																	
<i>Governance and administration</i>		5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	4 962	60 808	69 947	85 543
Executive and council		1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 871	1 540	22 118	29 475	43 100
Budget and treasury office		1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 823	21 965	22 790	23 806
Corporate services		1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 599	16 724	17 682	18 636
<i>Community and public safety</i>		1 354	1 354	1 354	1 354	1 354	1 354	1 354	1 354	1 354	1 354	1 354	1 354	1 083	15 975	17 579	18 737
Community and social services		447	447	447	447	447	447	447	447	447	447	447	447	176	5 096	5 413	5 705
Sport and recreation		211	211	211	211	211	211	211	211	211	211	211	211	211	2 531	2 668	2 812
Public safety		696	696	696	696	696	696	696	696	696	696	696	696	8 348	9 499	10 220	
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<i>Economic and environmental services</i>		1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	3 879	19 296	22 414	25 624
Planning and development		651	651	651	651	651	651	651	651	651	651	651	651	594	7 753	8 210	8 653
Road transport		751	751	751	751	751	751	751	751	751	751	751	751	3 285	11 542	14 204	16 971
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<i>Trading services</i>		2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	2 404	3 906	30 349	32 711	35 430
Electricity		1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	1 953	3 455	24 943	27 013	29 425
Water		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Waste management		451	451	451	451	451	451	451	451	451	451	451	451	451	5 406	5 698	6 006
Other		118	118	118	118	118	118	118	118	118	118	118	118	117	1 410	1 489	1 570
Total Expenditure - Standard		10 354	10 354	10 354	10 354	10 354	10 354	10 354	10 354	10 354	10 354	10 354	10 354	13 947	127 838	144 140	166 904
Surplus/(Deficit) before assoc.		4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	989	45 484	34 613	40 238
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Surplus/(Deficit)	1	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	4 045	989	45 484	34 613	40 238

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<u>Multi-year expenditure to be appropriated</u>	1																
Vote 1 - 10 EXECUTIVE COUNCIL														-	-	-	
Vote 2 - 15 BUDGET & TREASURY OFFICE														-	-	-	
Vote 3 - 20 CORPORATE SERVICES														-	-	-	
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES														-	-	-	
Vote 5 - 30 SPORTS & RECREATION														-	-	-	
Vote 6 - 35 PUBLIC SAFETY														-	-	-	
Vote 7 - 50 PLANNING & DEVELOPMENT		2 500	1 000	750	4 000	3 500	2 000	3 000	1 000	1 251	1 500	1 200	800	22 501	25 467	27 238	
Vote 8 - 55 ROADS TRANSPORT														-	-	-	
Vote 9 - 60 ENVIRONMENTAL PROTECTION														-	-	-	
Vote 10 - 85 OTHER														-	-	-	
Vote 11 - 40 HOUSING														-	-	-	
Vote 12 - 65 ELECTRICITY														-	20 000	9 000	
Vote 13 - 70 WATER														-	-	-	
Vote 14 - 75 WASTE WATER MANAGEMENT														-	-	-	
Vote 15 - 80 WASTE MANAGEMENT														-	-	-	
Capital multi-year expenditure sub-total	2	3 750	6 000	4 250	6 000	5 500	2 000	3 750	4 000	2 751	1 500	2 200	800	42 501	34 467	39 238	
<u>Single-year expenditure to be appropriated</u>																	
Vote 1 - 10 EXECUTIVE COUNCIL		1												-	1 318	-	-
Vote 2 - 15 BUDGET & TREASURY OFFICE		2 581		8 887				1 317						-	2 581		1 000
Vote 3 - 20 CORPORATE SERVICES														-	8 887	-	-
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES			1											-	1	-	-
Vote 5 - 30 SPORTS & RECREATION			-											-	-	-	-
Vote 6 - 35 PUBLIC SAFETY														-	750	-	-
Vote 7 - 50 PLANNING & DEVELOPMENT			1											-	1	-	-
Vote 8 - 55 ROADS TRANSPORT			-		-			1 200						-	1 200	-	-
Vote 9 - 60 ENVIRONMENTAL PROTECTION														-	-	-	-
Vote 10 - 85 OTHER														-	-	-	-
Vote 11 - 40 HOUSING														-	-	-	-
Vote 12 - 65 ELECTRICITY														-	-	-	-
Vote 13 - 70 WATER														-	-	-	-
Vote 14 - 75 WASTE WATER MANAGEMENT														-	-	-	-
Vote 15 - 80 WASTE MANAGEMENT		3 563	1 700	524										-	5 787	146	-
Capital single-year expenditure sub-total	2	6 148	10 587	524	1 200	1 317	-	750	-	-	-	-	-	-	20 527	146	1 000
Total Capital Expenditure	2	9 898	16 587	4 774	7 200	6 817	2 000	4 500	4 000	2 751	1 500	2 200	800	63 027	34 613	40 238	

Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Capital Expenditure - Standard	1																
<i>Governance and administration</i>		2 583	8 887	-	-	1 317	-	-	-	-	-	-	-	12 787	-	1 000	
Executive and council		1				1 317								-	1 318	-	-
Budget and treasury office		2 581		8 887										-	2 581	-	1 000
<i>Corporate services</i>		1	-	-	-	-	-	750	-	-	-	-	-	-	8 887	-	-
<i>Community and public safety</i>		1						-						-	751	-	-
Community and social services		1						-						-	1	-	-
Sport and recreation								750						-	-	-	-
Public safety								750						-	750	-	-
Housing														-	-	-	-
Health														-	-	-	-
<i>Economic and environmental services</i>		2 500	1 000	750	5 200	3 500	2 000	3 000	1 000	1 251	1 500	1 200	801	23 702	25 467	27 238	
Planning and development		2 500	1 000	750	4 000	3 500	2 000	3 000	1 000	1 251	1 500	1 200	801	22 502	25 467	27 238	
Road transport		-	-	-	1 200								-	1 200	-	-	
Environmental protection													-	-	-	-	
<i>Trading services</i>		4 813	6 700	4 024	2 000	2 000	-	750	3 000	1 500	-	1 000	-	25 787	9 146	12 000	
Electricity		1 250	5 000	3 500	2 000	2 000		750	3 000	1 500		1 000	-	20 000	9 000	12 000	
Water													-	-	-	-	
Waste water management													-	-	-	-	
Waste management		3 563	1 700	524									-	5 787	146	-	
Other													-	-	-	-	
Total Capital Expenditure - Standard	2	9 897	16 587	4 774	7 200	6 817	2 000	4 500	4 000	2 751	1 500	2 200	801	63 027	34 613	40 238	

Table 49 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year	Budget Year	
Cash Receipts By Source																
Property rates - penalties & collection charge	957	957	957	957	957	957	957	957	957	957	957	957	1	11 485	12 105	12 755
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	19 995	21 595	23 323	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	389	389	389	389	389	389	389	389	389	389	389	389	4 662	4 914	5 179	
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	72	72	72	72	72	72	72	72	72	72	72	72	869	916	965	
Interest earned - outstanding debtors	110	110	110	110	110	110	110	110	110	110	110	110	1 314	1 385	1 460	
Dividends received	281	281	281	281	281	281	281	281	281	281	281	281	3 370	3 552	3 743	
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	31	31	31	31	31	31	31	31	31	31	31	31	374	395	416	
Agency services	193	193	193	193	193	193	193	193	193	193	193	193	2 315	2 440	2 572	
Transfers recognised - operational	57	57	57	57	57	57	57	57	57	57	57	57	680	716	755	
Transfer receipts - operational	34 412	-	-	-	20 994	-	-	-	16 982	-	-	-	72 388	83 328	102 623	
Gains on disposal of PPE	497	497	497	497	497	497	497	497	497	497	497	496	5 967	5 032	5 664	
Cash Receipts by Source	38 665	4 253	4 253	4 253	25 247	4 253	4 253	4 253	21 235	4 253	4 253	4 253	4 252	123 419	136 377	159 454
Other Cash Flows by Source																
Transfer receipts - capital	7 335	-	10 000	-	7 875	-	-	-	10 000	7 291	-	-	-	42 501	34 467	39 238
Contributed assets & Surplus/(Deficit) after cap	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	17 543	-	-	-	-	-	-	-	-	-	-	-	-	17 543	-	-
Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receiv	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	63 543	4 253	14 253	4 253	33 122	4 253	4 253	4 253	28 526	4 253	4 253	4 252	183 462	170 844	198 692	
Cash Payments by Type																
Employee related costs	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	35 555	37 796	39 837	
Remuneration of councillors	484	484	484	484	484	484	484	484	1 201	573	573	573	573	6 880	7 321	7 716
Finance charges	93	93	93	93	93	93	93	93	93	93	93	93	93	1 113	1 014	854
Bulk purchases - Electricity	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	21 120	22 810	24 635
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	834	834	834	834	834	834	834	834	834	834	834	834	834	10 010	10 551	11 121
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	3 975	3 975	3 975	3 975	3 975	3 975	3 975	3 975	3 975	3 975	3 975	3 975	3 975	47 703	46 758	74 777
Cash Payments by Type	10 109	10 109	10 109	10 109	10 109	10 109	10 109	10 109	10 198	10 198	10 198	10 198	122 382	126 250	158 940	
Other Cash Flows/Payments by Type																
NET CASH FROM/(USED) INVESTING ACT	9 898	16 587	4 774	7 200	6 817	2 000	4 500	4 000	2 751	1 500	2 200	800	63 027	34 613	40 238	
NET CASH FROM/(USED) FINANCING ACT	221	221	221	221	221	221	221	221	221	221	221	221	2 646	1 866	1 059	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	20 228	26 917	15 103	17 529	17 146	12 329	14 829	15 047	13 170	11 919	12 619	11 219	188 055	162 729	200 238	
NET INCREASE/(DECREASE) IN CASH	43 315	(22 664)	(851)	(13 277)	15 975	(8 077)	(10 577)	(794)	15 356	(7 666)	(8 366)	(6 967)	(4 593)	8 115	(1 545)	
Cash/cash equivalents at the month/year begin	19 500	62 815	40 151	39 301	26 024	41 999	33 922	23 346	22 552	37 907	30 241	21 874	19 500	14 907	23 022	
Cash/cash equivalents at the month/year end:	62 815	40 151	39 301	26 024	41 999	33 922	23 346	22 552	37 907	30 241	21 874	14 907	23 022	21 477		

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>	1	11 729	26 663	32 091	26 092	24 611	24 611	37 049	26 475	30 171
Infrastructure - Road transport		11 319	16 913	16 885	17 392	20 911	20 911	17 049	17 475	18 171
Roads, Pavements & Bridges		9 074	16 913	16 885	17 392	20 911	20 911	17 049	17 475	18 171
Storm water		2 244								
Infrastructure - Electricity		410	9 750	15 206	8 700	3 700	3 700	20 000	9 000	12 000
Generation										
Transmission & Reticulation		410	9 750	15 206	8 700	3 700	3 700	20 000	9 000	12 000
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<u>Community</u>	2	-	-	-	578	1 103	1 103	6 652	7 992	9 067
Parks & gardens					-	525	525	3 553	3 115	3 267
Sportsfields & stadia										
Swimming pools										
Community halls								1 000	4 275	3 400
Libraries										
Recreational facilities								1 899	601	2 400
Fire, safety & emergency								200		
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<u>Heritage assets</u>	9	-	-	-	-	-	-	-	-	-
Buildings										
Other										
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<u>Other assets</u>	10	356	5 030	5 986	4 987	13 687	13 687	15 544	146	-
General vehicles			500					3 103	-	-
Specialised vehicles		-	-					2 010	-	-
Plant & equipment		134	3 740					3 424	146	
Computers - hardware/equipment		201	105							
Furniture and other office equipment		8	535	2 045	1 045	1 045	1 045			
Abattoirs					248	248	248			
Markets								7		
Civic Land and Buildings					3 694	12 394	12 394	7 000		
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other	14	150	3 941							
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Financial system										
Total Capital Expenditure on new assets	1	12 085	31 693	38 076	31 657	39 401	39 401	59 244	34 613	39 238
<u>Specialised vehicles</u>		-	-	-	-	-	-	2 010	-	-
Refuse								1 460		
Fire								550		
Conservancy										
Ambulances										

Table 51 MBRR SA 34b - Capital expenditure on renewal of existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure	1	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3	-	-	-	-	-	-	-	-	-
Community										
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets										
Buildings		-	-	-	-	-	-	-	-	-
Other	9									
Investment properties										
Housing development		-	-	-	-	-	-	-	-	-
Other										
Other assets										
General vehicles		-	-	-	-	-	-	2 483	-	-
Specialised vehicles								980		
Plant & equipment								100		
Computers - hardware/equipment								323		
Furniture and other office equipment								1 080		
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets										
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
Biological assets										
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
Intangibles										
Computers - software & programming		-	-	-	-	-	-	1 300	-	1 000
Financial System								1 300		1 000
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	3 783	-	1 000
Specialised vehicles										
Refuse		-	-	-	-	-	-	-	-	-
Fire										
Conservancy										
Ambulances										
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	0.0%	2.5%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	99.0%	0.0%	23.5%

Table 52 MBRR SA 34c – Repairs and maintenance by asset class

Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Depreciation by Asset Class/Sub-class										
Infrastructure		–	–	1 557	2 675	2 675	2 675	2 486	2 663	2 705
Infrastructure - Road transport		–	–	1 405	2 494	2 494	2 494	2 031	2 113	2 072
Roads, Pavements & Bridges				1 405	2 494	2 494	2 494	2 031	2 113	2 072
Storm water										
Infrastructure - Electricity		–	–	152	181	181	181	455	550	634
Generation				152	181	181	181	455	550	634
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation										
Gas										
Other										
Community		–	–	–	12	12	12	115	224	313
Parks & gardens								63	87	113
Sportsfields & stadia										
Swimming pools								12	18	120
Community halls										117
Libraries								34	17	83
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets		–	–	–	2	2	2	1	1	1
Buildings					2	2	2	1	1	1
Other										
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	1 315	906	906	906	935	855	742
General vehicles				150	51	51	51	136	124	108
Specialised vehicles				–	–	–	–	–	–	–
Plant & equipment				310	157	157	157	168	156	135
Computers - hardware/equipment				118	44	44	44	36	33	29
Furniture and other office equipment				297	62	62	62	65	59	51
Abattoirs										
Markets										
Civic Land and Buildings				440	591	591	591	530	483	419
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>										
Biological assets		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>										
Intangibles		–	25	42	25	25	25	285	285	485
Computers - software & programming			25	42	25	25	25	285	285	485
Other <i>(list sub-class)</i>										
Total Depreciation	1	–	25	2 914	3 620	3 620	3 620	3 823	4 029	4 247
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										

Table 53 MBRR SA 34d - Depreciation by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
<u>Depreciation by Asset Class/Sub-class</u>										
Infrastructure		-	-	1 557	2 675	2 675	2 675	2 486	2 663	2 705
Infrastructure - Road transport		-	-	1 405	2 494	2 494	2 494	2 031	2 113	2 072
Roads, Pavements & Bridges				1 405	2 494	2 494	2 494	2 031	2 113	2 072
Storm water										
Infrastructure - Electricity		-	-	152	181	181	181	455	550	634
Generation				152	181	181	181	455	550	634
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other		3								
Community		-	-	-	12	12	12	115	224	313
Parks & gardens								63	87	113
Sportsfields & stadia										
Swimming pools										
Community halls								12	18	117
Libraries										
Recreational facilities								34	17	83
Fire, safety & emergency										
Security and policing										
Buses		7								
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing		8								
Other										
Heritage assets		-	-	-	2	2	2	1	1	1
Buildings					2	2	2	1	1	1
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	1 315	906	906	906	935	855	742
General vehicles				150	51	51	51	136	124	108
Specialised vehicles					-	-	-	-	-	-
Plant & equipment				310	157	157	157	168	156	135
Computers - hardware/equipment				118	44	44	44	36	33	29
Furniture and other office equipment				297	62	62	62	65	59	51
Abattoirs										
Markets										
Civic Land and Buildings				440	591	591	591	530	483	419
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	25	42	25	25	25	285	285	485
Computers - software & programming			25	42	25	25	25	285	285	485
Other (list sub-class)										
Total Depreciation	1	-	25	2 914	3 620	3 620	3 620	3 823	4 029	4 247
Specialised vehicles			-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

Table 54 MBRR SA 35 – Future Financial Implications of the capital budget

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure	1							
Vote 1 - 10 GOVERNANCE AND ADMINISTRATION		1 318	–	–	–	–	–	–
Vote 2 - 15 BUDGET & TREASURY OFFICE		2 581	–	1 000	–	–	–	–
Vote 3 - 20 CORPORATE SERVICES		8 887	–	–	–	–	–	–
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES		1	–	–	–	–	–	–
Vote 5 - 30 SPORTS & RECREATION		–	–	–	–	–	–	–
Vote 6 - 35 PUBLIC SAFETY		750	–	–	–	–	–	–
Vote 7 - 50 PLANNING & DEVELOPMENT		22 502	25 467	27 238	–	–	–	–
Vote 8 - 55 ROADS TRANSPORT		1 200	–	–	–	–	–	–
Vote 9 - 60 ENVIRONMENTAL PROTECTION		–	–	–	–	–	–	–
Vote 10 - 85 OTHER		–	–	–	–	–	–	–
Vote 11 - 40 HOUSING		–	–	–	–	–	–	–
Vote 12 - 65 ELECTRICITY		20 000	9 000	12 000	–	–	–	–
Vote 13 - 70 WATER		–	–	–	–	–	–	–
Vote 14 - 75 WASTE WATER MANAGEMENT		–	–	–	–	–	–	–
Vote 15 - 80 WASTE MANAGEMENT		5 787	146	–	–	–	–	–
<i>List entity summary if applicable</i>								
Total Capital Expenditure		63 027	34 613	40 238	–	–	–	–
Future operational costs by vote	2							
Vote 1 - 10 GOVERNANCE AND ADMINISTRATION								
Vote 2 - 15 BUDGET & TREASURY OFFICE								
Vote 3 - 20 CORPORATE SERVICES								
Vote 4 - 25 COMMUNITY & SOCIAL SERVICES								
Vote 5 - 30 SPORTS & RECREATION								
Vote 6 - 35 PUBLIC SAFETY								
Vote 7 - 50 PLANNING & DEVELOPMENT		1 800	1 897	2 000	2 179	2 297	2 421	
Vote 8 - 55 ROADS TRANSPORT								
Vote 9 - 60 ENVIRONMENTAL PROTECTION								
Vote 10 - 85 OTHER								
Vote 11 - 40 HOUSING								
Vote 12 - 65 ELECTRICITY								
Vote 13 - 70 WATER								
Vote 14 - 75 WASTE WATER MANAGEMENT								
Vote 15 - 80 WASTE MANAGEMENT								
<i>List entity summary if applicable</i>								
Total future operational costs		1 800	1 897	2 000	2 179	2 297	2 421	–
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		64 827	36 510	42 238	2 179	2 297	2 421	–

Table 55 MBRR SA 36 – Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Project number	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
						Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
R thousand			3	3								
Transport and Roads	Roads & Stormwater	262 113 824	Infrastructure - Road transport	Roads, Pavements & Bridges	40 500	16 885	20 371				1,3,4,6,7,8,9	New
Transport and Roads	Upgrade of Ncotshane roads	262 208 204	Infrastructure - Road transport	Roads, Pavements & Bridges	7 049			7 049			12,13	New
Transport and Roads	Pongola Roads & Stormwater	262 152 908	Infrastructure - Road transport	Roads, Pavements & Bridges	34 550						4	New
Transport and Roads	Upgrade of Ncotshane roads	262 196 985	Infrastructure - Road transport	Roads, Pavements & Bridges	30 100			4 000				New
Transport and Roads	Upgrading of New Republic, Naude & Mielie streets		Infrastructure - Road transport	Roads, Pavements & Bridges	6 000			6 000				New
Community Assets	Upgrading of sport facilities	262 164 812	Community	Sportsfields & stadia	18 328			3 553				New
Community Assets	Construction of community halls in uPhongolo area		Community	Community halls	–			–				New
Community Assets	Construction of ECD centres in uPhongolo area		Community	Recreational facilities	1 899			1 899				New
Community Assets	Construction of community hall in town		Community	Community halls	1 000			1 000				New
Transport and Roads	Ncotshane Roads		Infrastructure - Road transport	Roads, Pavements & Bridges	7 500				7 500		2,10	New
Transport and Roads	Upgrading of roads		Infrastructure - Road transport	Roads, Pavements & Bridges	2 375				2 375		10	New
Transport and Roads	Upgrading of roads		Infrastructure - Road transport	Roads, Pavements & Bridges	3 800				3 800		11	New
Transport and Roads	Upgrading of roads		Infrastructure - Road transport	Roads, Pavements & Bridges	3 800				3 800		8	New
Transport and Roads	Pothole Equipment		Infrastructure - Road transport	Plant & equipment	1 200			1 200				New
Community Assets	Construction of community hall		Community	Community halls	1 425				1 425		9	New
Community Assets	Construction of community hall		Community	Community halls	1 425				1 425		12	New
Community Assets	Construction of community hall		Community	Community halls	1 425				1 425		13	New
Community Assets	Construction of ECD centres in uPhongolo area		Community	Recreational facilities	601				601		7	New
Community Assets	Upgrading of sport facilities		Community	Sportsfields & stadia	1 038				1 038		3,7,14	New
Community Assets	Upgrading of sport facilities		Community	Sportsfields & stadia	1 038				1 038			New
Community Assets	Upgrading of sport facilities		Community	Sportsfields & stadia	1 038				1 038			New
Transport and Roads	Construction of access road		Infrastructure - Road transport	Roads, Pavements & Bridges	4 500					4 500	1	New
Transport and Roads	Construction of access road		Infrastructure - Road transport	Roads, Pavements & Bridges	4 500					4 500	4	New
Community Assets	Construction of community hall		Community	Community halls	1 700					1 700	11	New
Community Assets	Construction of community hall		Community	Community halls	1 700					1 700	14	New
Transport and Roads	Upgrading of roads		Infrastructure - Road transport	Roads, Pavements & Bridges	4 000					4 000	2,10	New
Transport and Roads	Upgrading of roads		Infrastructure - Road transport	Roads, Pavements & Bridges	4 000					4 000		New
Community Assets	Construction of ECD centres in uPhongolo area		Community	Recreational facilities	600					600	3	New
Community Assets	Construction of ECD centres in uPhongolo area		Community	Recreational facilities	600					600	9	New
Community Assets	Construction of ECD centres in uPhongolo area		Community	Recreational facilities	600					600	10	New
Community Assets	Construction of ECD centres in uPhongolo area		Community	Recreational facilities	600					600	13	New
Transport and Roads	Upgrading of roads		Community	Roads, Pavements & Bridges	1 171					1 171	14	New
Community Assets	Upgrading of sport facilities		Community	Sportsfields & stadia	1 089					1 089	8	New
Community Assets	Upgrading of sport facilities		Community	Sportsfields & stadia	1 089					1 089	9	New
Community Assets	Upgrading of sport facilities		Community	Sportsfields & stadia	1 089					1 089	12	New
Electricity	Installation of electricity infrastructure		Other Assets	Transmission & Reticulation	41 000	15 206	–	20 000	9 000	12 000	5,14,11,1,	New
Municipal Manager	Fridge		Other Assets	Plant & equipment	1			1				New
Municipal Manager	Computer - Laptop		Other Assets	Computers - hardware/equipment	17				17			Renewal
Municipal Manager	Furniture - PMS Office		Other Assets	urniture and other office equipment	25			25				Renewal
Executive Council	Furniture - Council Chamber		Other Assets	urniture and other office equipment	1 000			1 000				Renewal
Executive Council	Motor vehicles		Other Assets	General vehicles	300			300				Renewal

Table 55 MBRR SA 36 – Detailed capital budget per municipal vote (Continued)

Municipal Vote/Capital project R thousand	Program/Project description	Project number	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
			3	3		Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14 +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal	
Executive Council	Furniture - Mayor and Speaker		Other Assets	Furniture and other office equipment	125		125				Renewal	
Corporate Services	Computer - Desktops		Other Assets	Computers - hardware/equipment	285		285	255			Renewal	
Corporate Services	Computer - Laptops		Other Assets	Computers - hardware/equipment	51			51			Renewal	
Corporate Services	Furniture - Library (Kids)		Other Assets	Furniture and other office equipment	80			80			Renewal	
Corporate Services	Computer Software		Other Assets	Computers - software & programming	400			400			Renewal	
Corporate Services	Communication Equipment		Other Assets	Computers - hardware/equipment	100			100			Renewal	
Corporate Services	Archives		Other Assets	Furniture and other office equipment	120		120				Renewal	
Corporate Services	Chairs		Other Assets	Furniture and other office equipment	12		12				Renewal	
Corporate Services	Fridge		Other Assets	Plant & equipment	1			1			Renewal	
Financial Services	Financial system - SCOA Compliant		Other Assets	Computers - software & programming	1 000				1 000	New		
Financial Services	Upgrade of financial system		Other Assets	Computers - software & programming	900			900		Renewal		
Financial Services	Motor vehicles		Other Assets	General vehicles	1 880		200	1 680		Renewal		
Financial Services	Fridge		Other Assets	Plant & equipment	1			1		Renewal		
Financial Services	Furniture		Other Assets	Furniture and other office equipment	25		25			Renewal		
Financial Services	Computers - Interns		Other Assets	Computers - hardware/equipment	58		58			Renewal		
Financial Services	Projectors		Other Assets	Furniture and other office equipment	20		20			Renewal		
Property Services	Extension of council chamber		Other Assets	Civic Land and Buildings	9 900		2 900	7 000		Renewal		
Property Services	Airconditioners - Belgrade		Other Assets	Plant & equipment	100		100			Renewal		
Traffic Services	CCTV - Traffic Department		Other Assets	Plant & equipment	160		160			Renewal		
Traffic Services	Water Dispenser		Other Assets	Plant & equipment	7		7			Renewal		
Traffic Services	Furniture		Other Assets	Furniture and other office equipment	6		6			Renewal		
Traffic Services	Speed equipment - camera		Other Assets	Plant & equipment	100		100			Renewal		
Traffic Services	Airconditioners		Other Assets	Plant & equipment	10		10			Renewal		
Traffic Services	Fire arms and safe		Other Assets	Fire, safety & emergency	400		200	200		Renewal		
Traffic Services	Network points		Other Assets	Computers - software & programming	5		5			Renewal		
Traffic Services	Computers		Other Assets	Computers - hardware/equipment	20		20			Renewal		
Traffic Services	Emblem on vehicles		Other Assets	Other	5		5			Renewal		
Traffic Services	Chairs		Other Assets	Furniture and other office equipment	10		10			Renewal		
Traffic Services	Motor cycle track		Infrastructure - Road transport	Other	200		200			Renewal		
Traffic Services	Sirens			Other Assets	Plant & equipment	38	38			Renewal		
Disaster Management	Fire Hydrants		Other Assets	Plant & equipment	200		200			Renewal		
Disaster Management	Truck shelter		Other Assets	Other Buildings	50		50			Renewal		
Disaster Management	Camera		Other Assets	Plant & equipment	5		5			Renewal		
Disaster Management	Fire Truck		Other Assets	Specialised vehicles - Fire	550			550		New		
Planning & Development	Flea Market - Phase 2		Other Assets	Markets	2 700		2 700			New		
Planning & Development	Subtaxi Rank		Infrastructure - Road transport	Transportation	3 000		3 000			New		
Community Services	Imbube Cultural Village			Community	3 000		3 000			New		
Planning & Development	Fridge		Other Assets	Plant & equipment	1			1		New		
Planning & Development	Motor vehicles		Other Assets	General vehicles	200		200			New		
Community Services	Fridge		Other Assets	Plant & equipment	1			1		New		
Library Services	Library Books		Community	Libraries	40		40			Renewal		

Table 55 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	Project number	Asset Class 3	Asset Sub-Class 3	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
						Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Community Services	Sports field		<i>Community</i>	<i>Sportsfields & stadia</i>	525		525					New
Solid Waste Management	Tipper trucks		<i>Other Assets</i>	<i>General vehicles</i>	1 203			1 203				New
Solid Waste Management	Lowbed truck		<i>Other Assets</i>	<i>General vehicles</i>	900			900				New
Solid Waste Management	Compactor Truck		<i>Other Assets</i>	<i>Specialised vehicles - Refuse</i>	1 460			1 460				New
Solid Waste Management	Skips		<i>Other Assets</i>	<i>Plant & equipment</i>	1 700			1 700				New
Solid Waste Management	Wheely Bins		<i>Other Assets</i>	<i>Plant & equipment</i>	670			524		146		New
Planning & Development	Equipment		<i>Other Assets</i>	<i>Plant & equipment</i>	20		20					Renewal
Planning & Development	Designs		<i>Other Assets</i>	<i>Plant & equipment</i>	100		100					Renewal
Planning & Development	LED Storage		<i>Other Assets</i>	<i>Buildings</i>	514		514					Renewal
Planning & Development	Business Research		<i>Other Assets</i>	<i>Plant & equipment</i>	100		100					Renewal
Planning & Development	Printer - GIS		<i>Other Assets</i>	<i>Computers - hardware/equipment</i>	70		70					Renewal
Community Services	Furniture - Thusong Centre		<i>Community</i>	<i>Recreational facilities</i>	25		25					Renewal
Community Services	Stoves - Magudu		<i>Other Assets</i>	<i>Plant & equipment</i>	150		150					Renewal
Electricity	Prepaid Meters		<i>Infrastructure - Electricity</i>	<i>Transmission & Reticulation</i>	700		700					Renewal
Electricity	Street lights - high mast		<i>Infrastructure - Electricity</i>	<i>Street Lighting</i>	3 000		3 000					New
Total Capital expenditure						32 091	39 401	63 027	34 613	40 238		

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed nine interns undergoing training in various divisions of the Financial Services Department. The first four have finished the first two years of training and are currently working to obtain further experience in their respective departments. Since the introduction of the Internship programme the Municipality has successfully employed and trained 2 interns through this programme.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA. However, there are two vacancies that have to be filled.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.12 Other supporting documents

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10 Audited Outcome	2010/11 Audited Outcome	2011/12 Audited Outcome	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	10 956 730	10 254 547	10 952 387	12 244 746	12 244 746	12 244 746	12 244 746	15 745 232	16 595 893	17 486 948
less Revenue Foregone				300 000	300 000	300 000	300 000	1 908 079	2 011 148	2 119 129
Net Property Rates	10 956 730	10 254 547	10 952 387	11 944 746	11 944 746	11 944 746	11 944 746	13 837 153	14 584 745	15 367 819
Service charges - electricity revenue										
Total Service charges - electricity revenue	7 343 918	14 689 189	18 308 953	21 489 765	22 306 304	22 306 304	22 306 304	24 090 808	26 018 073	28 099 519
less Revenue Foregone										
Net Service charges - electricity revenue	7 343 918	14 689 189	18 308 953	21 489 765	22 306 304	22 306 304	22 306 304	24 090 808	26 018 073	28 099 519
Service charges - water revenue										
Total Service charges - water revenue										
less Revenue Foregone										
Net Service charges - water revenue										
Service charges - sanitation revenue										
Total Service charges - sanitation revenue										
less Revenue Foregone										
Net Service charges - sanitation revenue										
Service charges - refuse revenue										
Total refuse removal revenue	4 361 257	4 755 067	4 924 614	5 233 554	5 319 154	5 319 154	5 319 154	5 617 026	5 920 346	6 240 045
Total landfill revenue	-	-	-	-	-	-	-	-	-	-
less Revenue Foregone	-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue	4 361 257	4 755 067	4 924 614	5 233 554	5 319 154	5 319 154	5 319 154	5 617 026	5 920 346	6 240 045
Other Revenue by source										
Donations	7 260									
Sundry Income	1 365 884	307 925	544 529	2 062	1 569 515	1 569 515	1 569 515	5 364 824	4 397 350	4 994 807
Fees Earned	162 994			204 886						
Commission earned				2 351				5 174	5 454	5 748
Electricity connections & Final Readings Charge				105 388				168 069	177 145	186 710
Advertising Boards				52 818				-	-	-
Cashier Surplus				86				-	-	-
Information				1 684				-	-	-
Building Plans				64 385				-	-	-
Clearance & Validation Certificates				24 867				26 260	27 678	29 172
Other Revenue by source								402 457	424 189	447 097
Total 'Other' Revenue	1 536 138	307 925	544 529	458 527	1 569 515	1 569 515	1 569 515	5 966 784	5 031 816	5 663 534
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	15 462 029	17 418 564	19 255 744	23 345 837	23 419 655	23 419 655	23 419 655	25 903 574	27 561 404	29 049 719
Pension and UIF Contributions	1 193 495	1 681 409	1 166 883	2 180 853	2 197 953	2 197 953	2 197 953	2 348 512	2 498 817	2 633 754
Medical Aid Contributions	667 426	743 752	985 868	1 000 058	1 070 295	1 070 295	1 070 295	1 068 561	1 136 950	1 198 345
Overtime	1 447 232	1 855 660	1 693 682	2 158 854	2 158 855	2 158 855	2 158 855	1 719 550	1 795 250	1 892 194
Performance Bonus	699 670	1 351 104	1 166 883	94 381	1 816 313	1 816 313	1 816 313	2 250 884	2 394 941	2 524 267
Motor Vehicle Allowance	-	989 489	1 939 053	1 507 613	1 507 613	1 507 613	1 507 613	1 610 883	1 713 980	1 806 535
Cellphone Allowance	34 783	49 595	24 696	96 002	96 002	96 002	96 002	102 578	109 143	115 037
Housing Allowances	113 480	27 158	24 696	213 624	213 624	213 624	213 624	228 256	242 865	255 979
Other benefits and allowances	1 191 288	874 180	474 069	2 011 367	301 804	301 804	301 804	322 477	343 116	361 645
Payments in lieu of leave	425 461	533 031	362 869	-	-	-	-	-	-	-
Long service awards	-	1 124 708	2 386 761	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	(71 940)	-	-	-	-	-	-	-
sub-total	21 234 864	26 648 650	29 409 264	32 608 589	32 782 114	32 782 114	32 782 114	35 555 275	37 796 466	39 837 475
Less: Employees costs capitalised to PPE										
Total Employee related costs	21 234 864	26 648 650	29 409 264	32 608 589	32 782 114	32 782 114	32 782 114	35 555 275	37 796 466	39 837 475

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10 Audited Outcome	2010/11 Audited Outcome	2011/12 Audited Outcome	Current Year 2012/13				Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	2 186 424	2 717 995	2 973 961	3 619 937	3 619 937	3 619 937	3 619 937	3 822 653	4 029 077	4 246 647
Lease amortisation	-	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	2 186 424	2 717 995	2 973 961	3 619 937	3 619 937	3 619 937	3 619 937	3 822 653	4 029 077	4 246 647
Bulk purchases										
Electricity Bulk Purchases	14 468 916	12 796 237	15 616 520	19 555 824	19 555 824	19 555 824	19 555 824	21 120 290	22 809 913	24 634 706
Water Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Total bulk purchases	14 468 916	12 796 237	15 616 520	19 555 824	19 555 824	19 555 824	19 555 824	21 120 290	22 809 913	24 634 706
Transfers and grants										
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	-	-	-	-	-	-	-	-
Contracted services										
Electrical Services	2 480 936	7 773 387	6 470 503	529 500	548 864	548 864	548 864	559 152	589 346	621 171
Refuse collection services (waste removal)				3 633 640	3 688 872	3 688 872	3 688 872	3 837 128	4 044 329	4 262 722
Parks and Garden maintenance				848 569	879 601	879 601	879 601	1 177 440	1 241 022	1 308 037
Poort dam development				-	-	-	-	-	-	-
Project Management Unit				-	-	-	-	-	-	-
Roads				-	-	-	-	-	-	-
Disaster management				-	-	-	-	-	-	-
Waste Removal Services_Belgrade				-	-	-	-	-	-	-
Information Technology services/corporate				866 771	898 469	898 469	898 469	987 149	1 040 455	1 096 639
Professional services				600 000	621 942	621 942	621 942	633 600	667 814	703 876
Security/ Protection Services				2 666 540	2 841 732	2 841 732	2 841 732	2 815 866	2 967 923	3 128 191
Repairs and maintenance										
sub-total	2 480 936	7 773 387	6 470 503	9 145 020	9 479 480	9 479 480	9 479 480	10 010 335	10 550 889	11 120 636
Allocations to organs of state:										
Electricity	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total contracted services	2 480 936	7 773 387	6 470 503	9 145 020	9 479 480	9 479 480	9 479 480	10 010 335	10 550 889	11 120 636
Other Expenditure By Type										
Collection costs				496 040	210 200	210 200	210 200	300 000	316 200	333 275
Contributions to 'other' provisions	694 536	(2 132 491)	91 750	1 217 996	217 998	217 998	217 998	230 204	242 635	255 737
Consultant fees	1 870 343	3 256 182	2 730 185	3 714 307	3 616 562	3 616 562	3 616 562	3 616 554	3 811 848	4 017 688
Audit fees	207 151	602 824	2 221 912	1 884 119	3 098 700	3 098 700	3 098 700	2 500 000	2 635 000	2 777 290
General expenses	20 643 226	3 709 030	3 491 259	7 082 881	5 302 611	5 302 611	5 302 611	11 416 982	11 295 579	11 904 972
Repairs and Maintenance	1 827 092	1 819 841	1 197 597	3 891 145	7 047 106	7 047 106	7 047 106	8 310 592	11 592 242	14 578 793
Subsistence and Travelling	-	689 883	1 624 837	729 976	1 647 256	1 647 256	1 647 256	1 739 501	1 833 434	1 932 440
Advertising	-	404 303	188 195	500 000	364 881	364 881	364 881	385 313	406 120	428 051
Legal Costs	-	-	-	58 956	98 750	98 750	98 750	304 280	320 711	338 030
Licenses	-	-	-	334 522	671 559	671 559	671 559	709 165	747 460	787 823
Stationery and Printing	-	680 930	475 382	627 048	542 352	542 352	542 352	700 000	737 800	777 641
Telephone	-	397 235	573 124	518 109	489 491	489 491	489 491	516 904	544 816	574 236
Postage + Township register	-	17 221	41 609	37 010	250 000	250 000	250 000	35 010	36 900	38 893
Cleaning material + Housing sector plan	-	299 824	556 079	123 182	150 000	150 000	150 000	179 923	189 639	199 880
electricity, water, refuse & sewerage charges	-	2 588 680	1 740 666	204 339	1 085 750	1 085 750	1 085 750	1 456 427	1 535 074	1 617 968
Events ,Promotions & catering costs	-	852 329	1 011 710	1 155 335	2 002 451	2 002 451	2 002 451	-	-	-
Fuel & oil	-	765 776	476 267	691 179	1 072 333	1 072 333	1 072 333	1 932 384	2 036 732	2 146 716
Hire of equipment	-	399 643	979 460	5 000	-	-	-	126 720	133 563	140 775
Uniform and Protective Clothing	-	-	-	400 000	400 000	400 000	400 000	422 400	445 210	469 251
Training Fees + subscriptions	-	294 442	308 360	700 000	400 000	400 000	400 000	1 489 468	908 970	958 054
Insurance	-	454 884	687 776	754 211	1 091 353	1 091 353	1 091 353	1 152 469	1 214 702	1 280 296
Public participation	-	1 349 298	871 180	100 000	100 000	100 000	100 000	2 906 367	3 063 311	3 228 729
Pauper burials	-	-	-	190 805	190 805	190 805	190 805	201 490	212 371	223 839
Ward Upliftment	-	-	-	571 695	700 000	700 000	700 000	1 739 200	1 779 117	1 821 189
EPWP	-	-	-	-	-	-	-	1 000 000	1 054 000	1 110 916
Accommodation Expense	-	-	-	1 216 219	1 131 822	1 131 822	1 131 822	1 195 204	1 259 745	1 327 771
Disaster Victims Support + Indigent	2 296 457	2 505 485	300 000	809 178	809 178	809 178	809 178	3 399 971	11 822 288	24 702 830
Total 'Other' Expenditure	25 242 348	18 746 291	21 772 833	27 504 076	32 691 158	32 691 158	32 691 158	47 966 528	59 175 467	76 973 083
Repairs and Maintenance by Expenditure Item										
Employee related costs	2 060 877	1 605 092	2 156 813	1 862 811	1 862 811	1 862 811	1 862 811	1 962 940	2 088 569	2 201 352
Other materials	1 826 909	1 819 841	1 197 597	3 891 153	7 047 114	7 047 114	7 047 114	8 310 592	11 592 342	14 578 793
Contracted Services	-	116 483	1 396 800	529 500	529 500	529 500	529 500	559 152	589 346	621 171
Other Expenditure	-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	3 887 786	3 541 416	4 751 210	6 283 464	9 439 425	9 439 425	9 439 425	10 832 684	14 270 257	17 401 316

Table 57 MBRR Table SA2 - Matrix Financial Performance Budget (revenue source/ expenditure type by department)

Description	Ref	Vote 1 - 10 GOVERNANCE AND ADMINISTRATION	Vote 2 - 15 BUDGET & TREASURY OFFICE	Vote 3 - 20 CORPORATE SERVICES	Vote 4 - 25 COMMUNITY & SOCIAL SERVICES	Vote 5 - 30 SPORTS & RECREATION	Vote 6 - 35 PUBLIC SAFETY	Vote 7 - 50 PLANNING & DEVELOPMENT	Vote 8 - 55 ROADS TRANSPORT	Vote 9 - 60 ENVIRONMENTAL PROTECTION	Vote 10 - 85 OTHER	Vote 11 - 40 HOUSING	Vote 12 - 65 ELECTRICITY	Vote 13 - 70 WATER	Vote 14 - 75 WASTE WATER MANAGEMENT	Vote 15 - 80 WASTE MANAGEMENT	Total
R thousand	1																
Revenue By Source																	
Property rates		—	13 837	—	—	—	—	—	—	—	—	—	—	—	—	—	13 837
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		—	—	—	—	—	—	—	—	—	—	—	24 091	—	—	—	24 091
Service charges - water revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue		—	—	—	1 067	—	—	—	—	—	—	—	—	—	—	4 550	5 617
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		—	—	561	211	94	—	—	—	—	2	—	—	—	—	—	869
Interest earned - external investments		—	1 314	—	—	—	—	—	—	—	—	—	—	—	—	—	1 314
Interest earned - outstanding debtors		—	1 632	9	—	—	—	—	—	—	—	—	134	—	—	1 595	3 370
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		—	—	—	5	—	370	—	—	—	—	—	—	—	—	—	374
Licences and permits		—	—	21	—	—	—	—	2 294	—	—	—	—	—	—	—	2 315
Agency services		—	—	—	—	—	680	—	—	—	—	—	—	—	—	—	680
Other revenue		—	5 396	79	145	—	—	123	2	—	444	—	206	—	—	15	6 411
Transfers recognised - operational	15 675	17 150	12 846	2 188	2 157	6 675	6 259	6 464	—	535	—	1 995	—	—	—	—	71 944
Gains on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)	15 675	39 330	13 517	3 616	2 251	7 724	6 382	8 760	—	981	—	26 426	—	—	6 160	130 821	
Expenditure By Type																	
Employee related costs	2 925	8 187	6 807	4 104	—	5 440	3 795	3 858	—	331	—	110	—	—	—	35 555	
Remuneration of councillors	6 880	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6 880	
Debt impairment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1 369	
Depreciation & asset impairment	—	3 823	—	—	—	—	—	—	—	—	—	—	—	—	—	3 823	
Finance charges	—	1 113	—	—	—	—	—	—	—	—	—	—	—	—	—	1 113	
Bulk purchases	—	—	—	—	—	—	—	—	—	—	—	21 120	—	—	—	21 120	
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Contracted services	—	634	3 803	—	1 177	—	—	—	—	—	—	559	—	—	3 837	10 010	
Transfers and grants	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other expenditure	12 314	8 210	6 114	993	1 353	2 908	3 958	7 684	—	1 079	—	3 154	—	200	47 967		
Loss on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Expenditure	22 118	21 965	16 724	5 096	2 531	8 348	7 753	11 542	—	1 410	—	24 943	—	—	5 406	127 838	
Surplus/(Deficit)	(6 443)	17 365	(3 207)	(1 481)	(280)	(624)	(1 371)	(2 783)	—	(429)	—	1 482	—	—	754	2 984	
Transfers recognised - capital	—	—	—	—	—	—	22 501	—	—	—	—	20 000	—	—	42 501		
Contributions recognised - capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Contributed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Surplus/(Deficit) after capital transfers & contributions	(6 443)	17 365	(3 207)	(1 481)	(280)	(624)	21 130	(2 783)	—	(429)	—	21 482	—	—	754	45 484	

Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		1 777	12 207	8 734	150	19 497	19 497	19 497	14 904	23 019	20 474
Other current investments > 90 days		–	–								
Total Call investment deposits	2	1 777	12 207	8 734	150	19 497	19 497	19 497	14 904	23 019	20 474
Consumer debtors											
Consumer debtors		41 101	52 124	59 392	9 742	66 170	66 170	66 170	73 573	81 482	89 932
Less: Provision for debt impairment		(15 820)	(33 380)	(54 643)	(487)	(55 940)	(55 940)	(55 940)	(57 309)	(58 753)	(60 274)
Total Consumer debtors	2	25 281	18 744	4 749	9 255	10 230	10 230	10 230	16 264	22 729	29 658
Debt impairment provision											
Balance at the beginning of the year		(17 726)	15 820	33 380	26 486	54 643	54 643	54 643	55 940	57 309	58 753
Contributions to the provision		1 906	17 560	24 526	5 981	1 297	1 297	1 297	1 369	1 443	1 521
Bad debts written off		–	–	–	(26 486)	–	–	–	–	–	–
Balance at end of year		(15 820)	33 380	57 906	5 981	55 940	55 940	55 940	57 309	58 753	60 274
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		61 883	84 839	122 866	92 718	162 207	162 207	162 207	223 994	258 606	297 845
Leases recognised as PPE		–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		15 274	16 230	19 105	19 808	22 700	22 700	22 700	26 237	29 981	33 742
Total Property, plant and equipment (PPE)	2	46 609	68 609	103 761	72 910	139 507	139 507	139 507	197 757	228 626	264 103
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		1 462	1 006	2 464	2 813	2 464	2 464	2 464	4 152	2 647	2 388
Total Current liabilities - Borrowing		1 462	1 006	2 464	2 813	2 464	2 464	2 464	4 152	2 647	2 388
Trade and other payables											
Trade and other creditors		6 178	13 730	20 881	900	19 295	19 295	19 295	18 850	20 047	21 720
Unspent conditional transfers		7 473	14 784	7 472	–	1 840	1 840	1 840	1 840	1 840	1 840
VAT		6 294	5 987	4 529	–	–	–	–	–	–	–
Total Trade and other payables	2	19 946	34 500	32 882	900	21 135	21 135	21 135	20 690	21 887	23 561
Non current liabilities - Borrowing											
Borrowing		3 467	3 213	5 006	6 105	5 222	5 222	5 222	17 671	16 039	13 758
Finance leases (including PPP asset element)		–	–	–	989	989	989	989	–	–	–
Total Non current liabilities - Borrowing		3 467	3 213	5 006	7 094	6 210	6 210	6 210	17 671	16 039	13 758
Provisions - non-current											
Retirement benefits		202	2 403	2 530	–	2 748	2 748	2 748	2 978	3 221	3 477
<i>List other major provision items</i>											
Refuse landfill site rehabilitation		5 180	1 835	1 927	1 943	1 927	1 927	1 927	1 927	1 927	1 927
Other		4 214	1 648	1 947	2 545	1 947	1 947	1 947	1 947	1 947	1 947
Total Provisions - non-current		9 596	5 886	6 404	4 488	6 622	6 622	6 622	6 852	7 095	7 351
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		35 567	158 131	157 662	177 903	177 903	177 903	177 903	231 354	278 388	325 113
GRAP adjustments		–	–								
Restated balance		35 567	158 131	157 662	177 903	177 903	177 903	177 903	231 354	278 388	325 113
Surplus/(Deficit)		13 025	2 934	17 128	4 794	40 055	40 055	40 055	45 484	33 613	40 238
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		107 325	(1 397)	3 113	1 122	13 396	13 396	13 396	1 550	13 112	610
Accumulated Surplus/(Deficit)	1	155 917	159 668	177 903	183 819	231 354	231 354	231 354	278 388	325 113	365 962
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	155 917	159 668	177 903	183 819	231 354	231 354	231 354	278 388	325 113	365 962

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome		Original Budget	Outcome	Outcome
Demographics						127 238	127 238	127 238	128 090	128 948	129 813	130 682
Population			98 274									
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)						28 772	28 772	28 772	28 772	28 882	29 686	30 540
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics	3					28 430	28 430	28 430	28 430	28 430	28 430	28 430
Formal						342	342	342	342	342	342	342
Informal												
Total number of households	4					28 772	28 772	28 772	28 772	28 772	28 772	28 772
Dwellings provided by municipality			-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s			-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5		-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6									5.6%	5.4%	5.4%
Inflation/inflation outlook (CPIX)										8.0%	8.0%	8.0%
Interest rate - borrowing										5.0%	5.0%	5.0%
Interest rate - investment										6.9%	5.6%	5.6%
Remuneration increases										7.0%	7.0%	7.0%
Consumption growth (electricity)										0.0%	0.0%	0.0%
Consumption growth (water)												
Collection rates	7									83.0%	83.0%	83.0%
Property tax/service charges										90.0%	90.0%	90.0%
Rental of facilities & equipment										100.0%	100.0%	100.0%
Interest - external investments										83.0%	83.0%	83.0%
Interest - debtors										100.0%	100.0%	100.0%
Revenue from agency services												

Detail on the provision of municipal services for A10

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

Total municipal services	Ref.		2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		<u>Household service targets (000)</u>									
		<i>Water:</i>									
		Piped water inside dwelling	4 681	4 681	4 681	5 017	5 017	5 017	5 047	5 077	5 108
		Piped water inside yard (but not in dwelling)	9 338	9 338	9 338	10 009	10 009	10 009	10 069	10 130	10 190
8		Using public tap (at least min.service level)	3 161	3 161	3 161	3 388	3 388	3 388	3 408	3 428	3 450
10		Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
		<i>Minimum Service Level and Above sub-total</i>	17 180	17 180	17 180	18 414	18 414	18 414	18 524	18 635	18 748
9		Using public tap (< min.service level)	2 513	2 513	2 513	2 693	2 693	2 693	2 693	2 873	3 066
10		Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
		No water supply	7 271	7 271	7 271	7 665	7 665	7 665	7 665	8 178	8 726
		<i>Below Minimum Service Level sub-total</i>	9 784	9 784	9 784	10 358	10 358	10 358	10 358	11 051	11 792
		Total number of households	26 964	26 964	26 964	28 772	28 772	28 772	28 882	29 686	30 540
		<i>Sanitation/sewage:</i>									
		Flush toilet (connected to sewerage)	3 048	3 048	3 048	3 267	3 267	3 267	3 286	3 306	3 326
		Flush toilet (with septic tank)	752	752	752	806	806	806	806	811	816
		Chemical toilet	765	765	765	820	820	820	820	825	830
		Pit toilet (ventilated)	13 542	13 542	13 542	14 386	14 386	14 386	14 477	14 664	14 862
		Other toilet provisions (> min.service level)	8 113	8 113	8 113	8 696	8 696	8 696	8 696	9 278	9 900
		<i>Minimum Service Level and Above sub-total</i>	26 220	26 220	26 220	27 975	27 975	27 975	28 085	28 884	29 734
		Bucket toilet	188	188	188	201	201	201	201	202	203
		Other toilet provisions (< min.service level)	556	556	556	596	596	596	596	600	603
		No toilet provisions	–	–	–	–	–	–	–	–	–
		<i>Below Minimum Service Level sub-total</i>	744	744	744	797	797	797	797	802	806
		Total number of households	26 964	26 964	26 964	28 772	28 772	28 772	28 882	29 686	30 540
		<i>Energy:</i>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		<i>Refuse:</i>									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>	–	–	–	–	5 563	5 563	5 563	–	–
		Removed less frequently than once a week									
		Using communal refuse dump					5 563	5 563	5 563	–	–
		Using own refuse dump					1 204	1 204	1 204		
		Other rubbish disposal					357	357	357		
		No rubbish disposal					17 001	17 001	17 001		
		<i>Below Minimum Service Level sub-total</i>	–	–	–	–	23 209	23 209	23 209	–	–
		Total number of households	–	–	–	–	28 772	28 772	28 772	–	–

2.13 Municipal manager's quality certificate

I N M Mabaso, acting municipal manager of uPhongolo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name N M Mabaso

Acting Municipal Manager of uPhongolo Municipality (KZN262)

Signature _____

Date 10 April 2012